JPRS 85018

27 December 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2490

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 85018

27 December 1983

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2490

CONTENTS

BULGARIA

PROFIT ELEMENT EXAMINED IN LIGHT OF NEW ECONOMIC MECHANISM

Sofia FINANSI I KREDIT in Bulgarian No 9, 1983 pp 3-9

[Article by Senior Science Associate Khristina Vucheva: "Formation of Profit and Income under Conditions of the Economic Approach--Distinctive Features and Problems in Practice"]

[Text] The theoretical formulations and practical approaches for the complete application of the economic approach, developed in a number of speeches of Comrade T. Zhivkov since the 12th BCP Congress, prove the validity of the basic principles of the economic mechanism. At the same time they stress the necessity of perfecting particular elements of the economic mechanism for still fuller application of its basic principles.

The present article has as its purpose to call attention to some questions in connection with the financial mechanism, the solution of which does not at present fully measure up to the demands of the economic approach. We have in mind certain features of the established procedure for the formation of receipts from the sale of output and from the profit of enterprises and economic organizations.

The basic economic norms for income distribution are consolidated into a so-called schema establishing an income distribution sequence that is mandatory for everybody. The successful use of the economic norms included in the schema depends both on their character and on the comprehensiveness and alignment achieved among them.

In 1982 a number of difficulties in profit formation arose in practice that were the result of the excessive difference permitted between the essence of profit and the form in which this essence is manifested. It is known that profit should express part of the newly created value. In practice, the indicators can deviate from the real economic essence, but this is feasible up to specific limits, beyond which they fail to fulfill their purpose. The profit indicator in 1982 included redistributed moneys from the state budget in the form of export subsidies and retail price subsidies. About one-third of total profit was formed by these subsidies. This created an inaccurate idea of the effectiveness --and lessened the role and significance--of profit.

Analogous problems are also created by other kinds of subsidies despite the fact that they have no direct bearing on profit. Therefore, let us dwell on certain methodological questions affecting the nature of the individual kinds of subsidies. These problems are of significance not only for profit formation, but also for overall income distribution. In 1983 it was agreed that export subsidies and certain other subsidies would not be included in profit and that the amount of taxable profit would be increased. This feature, too, makes imperative a more detailed examination of the individual types of subsidies.

In 1983 economic organizations were granted the following types of subsidies: a) subsidies for loss-incurring and low-profit production processes; b) retail price subsidies; c) price subsidies for investment in production; and d) other subsidies and payments.

The first two types of subsidies are regulated normatively under article 156 of the Regulations on the Economic Mechanism, approved by Decree No. 53/1981 of the Council of Ministers. The basis for the granting of the other subsidies is various prescriptive enactments of the Council of Ministers mainly involving price-setting.

A subsidy by its nature is state assistance granted to enterprises operating on the principle of profit-and-loss accounting for the purpose of achieving set prices and accomplishing goals targeted in the Integrated Plan of Socioeconomic Development.

The subsidies to loss-incurring and low-profit production processes make possible normal operating conditions for these economic units whose selling prices, for objective reasons, are below the planned production cost. The amount of the subsidy, in addition to the planned loss, includes money for the minimally necessary withholdings for the Social Welfare and Cultural Measures Fund and for the payment of interest and insurance. Under the conditions of the economic approach, the money granted in the form of subsidies to loss-incurring and low-profit production processes must be granted on the basis of accepted norms and must be effective in lowering costs and in raising efficiency.

The norms must be established as a ratio of the receipts from the sales of the economic organization as a whole or individual product by individual product.

The first method was applied in 1982 and 1983. It enables the economic organization through a change of structure to lessen the planned amount of the loss. This possibility is limited, however, since for a significant part of production mandatory targets are set in terms of physical indicators.

The fixing of subsidies for goods or groups of goods guarantees an interest on the part of enterprises in producing output which is loss-incurring and approved as a mandatory state target.

This method is difficult to apply in practice since the central planning body (here the Ministry of Finance) does not have available detailed and accurate information on costs for individual products. Analysis of practical experience

proves that attempts to establish individual and detailed norms in centralized fashion are not successful and create conflicts between the enterprises and the planning center. On these grounds we believe that the subsidy norm must be established as a consolidated indicator.

Another problem arises as well in connection with the procedure for the determination of subsidies for loss-incurring and low profit products. Some specialists regard as incorrect the decision taken not to include moneys for the RTU [Development and Technical Improvement] Fund in the amount of the subsidy. These objections are not well-grounded. The development of loss-incurring enterprises, if regarded as necessary, must be provided for by earmarked grants for capital investment and technical progress.

The objection may be raised that the form in which development capital is granted is hardly of great significance. Here it is imperative to distinguish between the current form of assistance to loss-incurring enterprises and the one-time grant of capital for investment projects or programs. In this way financial resources are used realistically as an instrument of planned guidance.

In 1982 and 1983 subsidies for loss-incurring and low-profit production processes included certain types of price bonuses fixed by individual prescriptive enactments. In the income-formation schema these moneys supplemented the income of the enterprises in question and increased the amount of taxable profit. Since they are not connected with the coverage of losses, it is advisable to stop paying them. This will make it possible for the operation of the overall distributive mechanism to manifest itself more fully and for efficiency to rise.

Export subsidies at present are based on the difference between domestic wholesale prices and planned foreign-currency prices. This practice is inadvisable since domestic prices are thus of fundamental importance for the producers and the influence of prices in the foreign market is completely eliminated. The producers have a personal interest in the rise of domestic prices and of subsidies. There is a slackening of interest in seeking advantageous markets, in raising the quality of output, in cutting costs and raising efficiency.

It is right in this case too for the subsidy to be determined by the difference between receipts in planned foreign-currency prices and production cost.

The practice of establishing export subsidies that link the interest of the producers with domestic prices rather than with prices obtained in the foreign market arose at a time when production enterprises were not responsible for foreign-trade results, and profit from foreign activity and export profit were planned and reported separately. This practice with good reason was halted in 1979 by authority of Decree No. 36/1979 of the Council of Ministers. At present, export profit is included in total profit and represents the difference between actual foreign-currency receipts (converted into leva and reduced by direct export costs) and actual production cost of the output sold. In practice, the procedure for the determination of subsidies has resulted in certain changes. When an enterprise realizes a profit, the amount thereof depends on

prices in the foreign market, but when the result is a loss, the loss is compensated for up to the level of domestic prices. The illogicality of the current procedure is obvious.

An export subsidy that is granted should be a means of exerting influence through the form in which, and the procedure by which it is granted, and should focus the interest of the producers on a quest for advantageous markets and on a rise in the quality of exported output and a lowering of production costs.

The basic argument in defense of the determination of the export subsidy as the difference between domestic and foreign prices is the allegation that when domestic prices are higher, the producer has no interest in exporting and hence the difference up to the domestic prices must be paid. This is unconvincing. It must be borne in mind that for the preponderant amount of exported goods the producer has no alternative--he could not prefer the domestic market since the amount of goods that have to be produced in order for the labor force in question to make a living from its own income cannot be sold in the domestic market alone.

Usually certain food products, raw materials and manufactured articles of light industry that realistically can be sold in the domestic market at much higher prices are cited. Although the needs of the domestic market for these goods are not limited, there is a greater possibility of selection in their case provided that no mandatory planned export targets are established. This problem, in our opinion, should not be solved through the use of unfounded forms of subsidies, but rather through the improvement of price-setting and the inclusion of the exchange rate in the system of economic norms. These two problems lie outside the framework of the present article. In our opinion, the domestic market prices of enterprises whose output can be exported must be set on a contractual basis, with profitability in these prices not permitted to be higher than that achieved through exports. The practice of the Hungarian People's Republic is like this. At the same time there must be a changeover to the employment of valid currency coefficients that approximate the exchange rate of the dollar for exports in a second direction.

Retail price subsidies in essence are the difference between wholesale prices and retail prices minus trade discounts. This difference is paid to enterprises producing consumer goods for which the retail prices are lower than the wholesale prices. The authorization of retail prices that are lower than wholesale prices is usually justified by social considerations, in accordance with which retail prices are below the level of the price that is authorized as the wholesale price in conformity with price-setting principles. In practice, retail price subsidies are also approved for goods which are not prime necessities of life. It is advisable not to give subsidies for such goods but to review the prices and on this basis proceed either to a reduction of the wholesale prices or an increase of the retail prices. With a consistent application of the economic approach, it is advisable for social assistance to be effected through centralized social consumption funds rather than through prices. This will ensure considerably greater social justice in the use of the resources that society allots for this purpose. The exemption of retail prices from extraneous functions is also dictated by the development of international tourism.

At present, retail price subsidies are included in receipts from sales and add to profit. This decision results from the established procedure for determination of the state profit target, in accordance with which profit is the difference between receipts in wholesale prices and production cost. As a result of the practice thus established, profit contains redistributed income and does not accurately reflect real production efficiency. We suggest that the profit plan and report should be compiled in actual retail prices and that the retail price subsidy should supplement the income of enterprises without being included in their profit, analogously to the accepted procedure for subsidies on loss-incurring and low-profit items.

Price subsidies for investment in production in most cases are obtained by enterprises that process agricultural raw materials. These enterprises do not include the subsidies they receive in their profit or income. With them they pay supplier enterprises the established differences between purchase price and the price for investment in production. As a result of this procedure, the moneys redistributed through the budget figure in the profit of the producers of the respective raw materials.

The procedure thus established to assist the development of agriculture is at variance with the requirement that prices should correspond to the socially necessary costs. The processing enterprises' production cost is unrealistically too low and profit ceases to reflect real production efficiency.

This does not mean that we should renounce the necessity of assisting and stimulating the development of agriculture. Provided that the established prices at which raw materials are invested in the processing enterprises' production are regarded as valid, instead of overstating the purchase prices in order to assist agricultural enterprises, this should be effected through categorical bonuses granted by the state budget to agroindustrial complexes. If it is believed that the purchase prices are realistic prices, they should also be the prices for investment in production, and the prices of the end product should be determined on this basis.

The existing price subsidies for investment in production as a financial form do not correspond to real economic processes. As a result, they cannot be used as a means of exerting pressure to raise production efficiency. A sale-trade cannot prove its worth as a real exchange relationship since the enterprises taking part in the transaction are guided in their decisions by different prices--a lower price for the processing enterprise and a higher price for the agricultural producer of raw materials.

As a result of what we have set forth above, we suggest the following: /first/ [in boldface], price subsidies for investment in production should be replaced by categorical bonuses for the development of the production of individual agricultural raw materials and commodities; /second/ [in boldface], the price at which a given raw material is invested in production and the price at which this raw material of the producer is paid for should be equalized, and an evaluation made of the direction in which this equalization should proceed--towards higher purchase prices or towards lower prices for investment in production. For what raw materials a categorical bonus can be granted by the state budget

will be established subject to this decision. The bonus that is granted should augment the income, but not the profit of the agricultural enterprises.

The suggested changes elevate the role of the profit that is realized in various activities since the inclusion of elements that do not conform to its nature is curtailed. At the same time, greater opportunity is provided for centralized planning pressure to be brought to bear on economic organizations through subsidies granted by the state budget.

Other than through subsidies from the state budget or from the resources of the economic organizations,[1] redistributed income also shows up in profit as a result of the established procedure of compensation for reduced profit due to the operation of special factors. Compensation for temporarily heavier expenses during the startup of new production processes is authorized from the New Production-Process Startup Fund in order to make possible normal profitability of new production processes. By "heavier expenses" is to be understood the difference between planned or normative production cost during the startup period and the normative production cost during the regular production period.[2]

An analogous procedure has been set up to compensate for additional export expenses through moneys transferred from the Export Encouragement Fund. This fund is formed with budget moneys at the disposal of the Ministry of Foreign Trade.

Considerable moneys are transferred every year from the Economic Risk Fund to supplement profit when expenditures are made involving the payment of fines and penalties from preceding years.

Obviously the principle that profit should reflect newly created value is violated in these cases, too. This deviation can be accepted as expedient, however, since through it additional incentive is provided for the achievement of targets in technical progress and exports. Apart from this, the total amount of moneys included in profit by virtue of the above-indicated funds constitutes a very small portion of total profit.

The bonuses paid by the state budget for a so-called "K" rating are also included in receipts from the sale of output and contribute to the deflection of profit from its economic character. Considering that output quality has to be rated during the selling process, the bonuses for higher quality must be paid by the real participant in the exchange, i.e. by the purchaser. Therefore it is advisable to halt the direct provision of incentives by the budget through the granting of bonuses for the so-called "K" rating.

Thus far we have considered the basic elements which distort profit and, due to ill-grounded methodological decisions, lessen the role of profit as the basis of the distributive process. It must be noted that the valid amount and composition of profit are in large measure determined by the extent to which production cost is correctly generated. The importance of this process requires that it be considered by itself, which goes beyond the limits of the present article. Nevertheless, let us give attention to one question involving the scope of production cost since it has been the subject of wide discussion in

practice recently and is closely connected with the total influence brought to bear by the system of economic norms for the distribution of income. We have in mind the question of the economic source of what in the recent past was called the bonus portion of the Wage Fund, but which is now called the saving of resources for the Wage Fund.

The above-mentioned discussions in the world of practice arose after a prescriptive enactment of the Council of Ministers directed that with effect from the beginning of 1983 any saving, i.e., excess of the resultant residual Wage Fund over working capital contributed to the state budget to finance social insurance benefits, should be included in production cost.[3] Many specialists judge this change to be wrong. The change in question in the scope of outlays reflected in production cost as a problem in the world of practice is actually a reflection of the theoretical dispute over the character of outlays for wages. If the widespread view is upheld that wages cannot be included within the limits of profit-and-loss accounting and that the individual rating of labor in accordance with norms, piecework rates and tables of organization is final and independent of the enterprises' final results, the logical conclusion is that it is precisely these outlays that will constitute production cost and that a part of profit (if any) will be allotted to a fund for individual economic incentives. When the other view is adopted that the final amount of money for wages becomes known after the social evaluation of labor through the sale of output, obviously production cost will include amounts that differ from the amounts at first determined in accordance with the individual evaluation of invested labor.

There are objections of more than a practical character to this formulation. From a theoretical point of view, most research recognizes the necessity of squaring wages with end results, but only scattered authors dwell on the concrete practical approach to implementation of this formulation.[4]

Both possible solutions are familiar in our country's practice and under these conditions the evaluation should be comparatively easy to make. The difficulties arise from the fact that the principle of squaring wages with end results has not thus far been completely applied. When results deteriorate, the Wage Fund that is disbursed is taken as a final outlay. This feature gives rise to the chief objection to the inclusion of savings from resources for wages in production cost and makes more acceptable the decision to create a separate economic incentive fund. Provided that the Wage-Fund resultant-balance principle is applied consistently, i.e., the money disbursed in advance during the month is brought into alignment with the specified end result, it is quite possible to reflect real outlays for wages in production cost. To be sure, this inevitably complicates bookkeeping. The more acceptable solution, in our opinion, is to employ the so-called second settlement of accounts than the procedure that was established in 1983.

FOOTNOTES

1. Economic organizations have the right to grant subsidies for loss-incurring and low-profit production processes and for exports of their own

enterprises from the Economic Risk Fund in excess of the amounts set and granted by the state budget.

2. See article 176, paragraph 2, of the Regulations on the Economic Mechanism.

3. See article 19 of Decree No. 47 of 22 December 1982 of the Council of Ministers.

4. See V. Kotov, "Planned Prices, Proportions and Production Efficiency," PLANOVOYE KHOZYAYSTVO [Planned Economy], No 14, 1983. "In our opinion, production cost must include the bonuses paid from the Economic Incentive Fund and part of the fund for the payment of labor, the inclusion of which in production outlays creates no doubt in anybody's mind" (p. 65).

6474
CSO: 2200/41

FOREIGN-CURRENCY INCOME FROM EEC TOURISTS SURVEYED

Sofia FINANSI I KREDIT in Bulgarian No 9, 1983 pp 17-24

[Article by Senior Assistant Valentin G. Bonev: "Economic Nature and Problems of Bulgaria's Tourist Balance with EEC-Member Countries"]

[Text] Modern international economic relations are characterized by continuous and dynamic growth and diversification of the forms in which they are manifested. As a specific form of international economic relations, international tourism by its nature is already a mass phenomenon. In the period from 1970 to 1980 alone the number of tourists in the world more than doubled.[1] In 1980 the number of tourists in Western Europe exceeded 208 million persons, and the foreign-currency revenues from them were more than $64 billion dollars.[2]

International tourism has become a permanent economic phenomenon with a significant role in and influence on foreign-currency and financial relations among individual countries. Analysis of this phenomenon requires segregation in concrete form of part of the total foreign-currency financial payments in individual countries into specific tourist foreign-currency balances.

Depending on the extent to which tourism has appeared and developed in each country, the idea of showing the place and role of foreign-currency financial results of tourism in a specific tourist balance has been implemented in the most diverse ways. The highly developed Western European countries (mainly EEC-member countries) first came to the idea. Using the methods for drawing up and adjusting their balances of payments, these countries segregate a part as a tourist balance. We must take note at once that in most cases this is done quite mechanically and eclectically, this balance not always being called a "tourist balance" in some countries. Some countries speak of a "balance of invisible receipts and expenditures," including therein as well certain other items indirectly related to tourism--transportation revenues and expenditures, vehicle rentals, receipts from remittances of workers abroad etc.

The present investigation attempts to clarify the concept of tourist balance and to concretize this concept for Bulgaria's practice of tourism with certain developed capitalist countries of Western Europe. The segregation and more detailed consideration of Bulgaria's tourist relations with these countries alone is due to the fact that our foreign-currency receipts from tourism with the

nonsocialist countries are generated mainly by West European countries. In view of the favorable experience of the EEC-member countries in theoretically and practically segregating and analyzing the tourist balance, the direct objective of this investigation is translated into concrete terms for Bulgaria's tourist relations with the EEC-member countries.

There is evident in all EEC-member countries an intense interest in tourism as a sector of the economy that offers, in the opinion of a great number of bourgeois economists, new opportunities for "additional sales." The straitened conventional form of international economic relations--foreign trade--adversely affects the foreign-currency financial status of the EEC-countries' balance of payments. Therefore tourism as a form of concealed exports of goods and services inside the country--and at constantly increasing inflationary domestic prices besides--is an economic phenomenon which some of the EEC-member countries allot considerable funds to encourage. At the same time, the countries promoting international tourism are paying ever greater attention to the status of and trends in the development of the tourist balance as a supplemental opportunity of compensating for unfavorable conditions in their foreign trade balance.

Interest in the development and status of the tourist balance is also strengthened by the fact that for some EEC countries it is constantly positive (Italy, France), while for others it is negative (the FRG, Holland, Belgium). During the period from 1975 to 1980 tourist revenues and expenditures of the EEC-member countries changed continuously in the direction of growth.

In the EEC there is still no unified schema of the tourist balance although the opinion exists that there is a need for such standardization.[3] In France, for example, the tourist balance is part of the national balance of payments and is included in the item "Services and Transportation," is specified separately service by service, and adjusted in the final balance by the national currency--the French franc. Italy's tourist balance has a similar structure, but is considerably more expanded and takes into account foreign-currency receipts broken down by types of foreign currency, administrative regions, types of tourism, etc. In the FRG the tourist balance is part of the national balance of payments, but it is very generalized and is shown only as tourist revenues and expenditures with no differentiation made. England best of all the EEC-member countries distinguishes between the two basic items of the tourist balance--current payments and credit operations. Current payments include consumer goods (food and beverages), souvenirs, handicraft products, services (transportation, receipts from workers abroad, capital investment in tourism, travel expenditures) etc. Credit payments include credits extended and payments in liquidation thereof, capital investment abroad (expenditures and receipts in connection therewith), etc.

From everything said thus far it can be seen that the EEC-member countries, in keeping with the practice of every country, are seeking, albeit rather mechanically and eclectically, some method of accounting for receipts and expenditures in connection with the development of tourism.

Table 1

TOURIST RECEIPTS AND EXPENDITURES (in $000,000)[4]

1 Страни	1975		1976		1977		1978		1979	
	2 прих. +	3 разх. —	2 прих. +	3 разх. —	2 прих. +	3 разх. —	2 прих. +	3 разх. —	2 прих. +	3 разх. —
4 ФРГ	2848	8501	3211	8954	3972	10979	4813	14396	5741	17951
5 салдо		5653		5743		7007		9583		12210
6 Белг. Люкс.	880	1416	959	1609	1163	1889	1295	2345	1629	2969
5 салдо		536		650		726		1050		1340
7 Дания	746	642	803	748	940	942	1125	1146	1312	1542
5 салдо	104		55			2		21		230
8 Франция	3047	3064	3613	3434	4384	3923	5903	4272	6826	5193
5 салдо		17	179		461		1631		1633	
9 Италия	2578	1050	2525	707	4762	894	6285	1206	8185	1507
5 салдо	1528		1818		3868		5079		6678	
10 Холандия	1107	1664	1061	1886	1110	2454	1254	3401	1325	4084
5 салдо		557		825		1344		2147		2759
11 Англия	2462	1927	2889	1779	3803	1918	4464	2813	5942	4497
5 салдо	535		1090		1885		1651		1445	
12 ЕИО общо	13398	18264	15061	19137	20134	22999	25139	29579	30960	37740
5 салдо		4866		4076		2865		4440		6780

Key:

1. Countries
2. Receipts
3. Expenditures
4. FRG
5. Balance
6. Belgium-Luxembourg
7. Denmark
8. France
9. Italy
10. Holland
11. England
12. EEC-total

Under conditions of socialism, the balance of payments of a socialist state, although in the form of a report on the fulfillment of the foreign-currency plan, includes the most diverse items resembling tourism. In some cases these items come close to some of the items on the tourist balances of the EEC-member countries. Thus, for example, Bulgaria's balance of payments in division "A" (current operations) has only two subgroups of foreign-trade payments and services and 15 subgroups of nontrade payments and services.[5] A considerable part

of these 15 subgroups are like tourism in character although only the item "Vacationers and Tourists" is directly related to tourism. Hence the conclusion that with this subgroup alone we could not give an accounting of the foreign-currency financial efficiency of tourism on a scale of the national economy. In the GDR, for example, payments for the delivery of goods for commercial and noncommercial needs are given as separate entries on the national balance of payments.[6] In view of the fact that the Bulgarian People's Republic is promoting international tourism much more actively than the GDR, the necessity of segregating the tourist balance from the national balance of payments becomes increasingly greater.

In the economics literature of our country and in the other socialist countries there is almost no treatment of the nature of the tourist balance under conditions of socialism.[7] In the capitalist countries, most of the authors understand by tourist balance only the receipts and expenditures of tourism, with the most diverse foreign-currency sources intermingled and a comparison of these balances made difficult.

Under socialism an objective basis exists for filling out the concept of tourist balance with specific economic meaning (the existence of a foreign-currency monopoly, a national foreign-currency plan, a unified banking center for foreign settlements, standardized foreign-currency accounting,etc.).

There are differing opinions on the meaning of the concept of tourist balance. Thus, for example, some sources[8] speak of a "ratio between the value of services rendered to foreign countries by a given country during a certain period of time and the services from foreign countries it enjoys during the same period." The structure of services thus defined includes the most commonly paid freight charges by land, sea and air, insurance operations performed between organizations at home and abroad, the receipts and obligations that arise between banking institutions and other brokerage charges, tourism, expenses of diplomatic representations etc. In other sources,[9] the receipts and expenditures connected with tourism are regarded as items on a balance sheet of newly arising receipts and obligations. In a third group of sources,[10] tourist receipts and expenditures are regarded as part of the country's balance of payments. All this diversity of opinions shows that for now and under socialism there is no unified view on the nature of the tourist balance and its structure.

In our opinion, in view of the specific features of Bulgaria's internationalism with the nonsocialist countries and especially with the EEC-member countries as a foreign-currency source during this and the next five-year plan, it is imperative that foreign-currency receipts and expenditures connected with tourism should be segregated in a foreign-currency balance by itself--a tourist balance. By segregating the balance we shall get a fuller and more accurate analysis and specific estimate of foreign-currency sources and, on the other hand, provide better incentives for the efforts of labor forces to realize the plan for foreign-currency receipts.

In our opinion, the essence of the tourist balance is that it reflects the ratio between the total of one country's payments to foreign countries and

those from foreign countries to this country involving the provision of tourist goods and services during a specific period of time. The tourist balance is a specific foreign-currency balance reflecting foreign-currency financial relations in the sphere of international tourism.

The structure of the tourist balance should include two basic groups of payments--group "A" (current payments) and group "B" (credit operations).

We might seek to differentiate group "A" in the following respects: 1) payments for organized tourism with the socialist countries; 2) payments for unorganized tourism with the socialist countries; 3) payments for organized tourism with the nonsocialist countries; 4) payments for unorganized tourism with the nonsocialist countries; 5) total of conversion expenses; 6) receipts and expenditures in connection with currency transactions. Such a structure of current payments makes possible rapid comparisons and conclusions about the status of our tourist balance with the socialist and nonsocialist countries individually, by types of tourists, etc.

We might seek to differentiate group "B" in the following respects: 1) use and granting of credits spread out over years; 2) liquidations of credits, etc. The necessity of segregating group "B" from group "A" is occasioned by the modern trend towards the building of a new material and technical base (mainly in the hotel business) that will measure up to international requirements for capacity, level of services, variety of goods and services, etc.

In its foreign economic relations with the EEC-member countries the Bulgarian People's Republic strives for ever expanding cooperation on the basis of mutual advantage. Bulgaria's active international tourism with these countries to a certain extent reduces the negative difference of our foreign trade balances. This holds true with special force for our relations with the FRG, France, Italy and Holland. The continuous positive difference of our tourist balance with these countries shows, on the one hand, that we must promote our tourist relations with the EEC-member countries in the future as well and, on the other, that we must pay ever greater attention to analysis of the tourist balance itself.

The volume, dynamics and trends in the fluctuations of our tourist balance with the EEC countries do not have to be traced solely by direct currency results. The reason for this is that such an approach necessitates our reducing the individual currencies to one currency, which inevitably necessitates our using exchange rates that are extremely unstable. Even if we use the foreign-exchange lev as a generalizing foreign-exchange quantity, corrections have to be made since the methods of determining the exchange rate of the lev for nonsocialist currencies are highly controversial, and besides this the most varied coefficients, premiums and other devices of national foreign-tourist policy are employed which make difficult a realistic accounting of currency results solely by means of the concrete figures of the balance of payments.

Therefore, in analyzing foreign-currency receipts from tourism it is preferable to proceed from a clarification of other quantities and factors of a marked long-term character. In our opinion, we might use as basic factors the

number of tourists, type of tourists (organized and unorganized), seasonal fluctuations of tourist traffic, and the level of the exchange rate of the Bulgarian lev to nonsocialist currencies.

1) Number of Tourists

Bulgaria's tourist traffic with the EEC-member countries has shown a constant growth. If we take 1970 as the basis year, we can represent the fluctuations of the tourist traffic from the EEC to the Bulgarian People's Republic by the following dynamic series:[11]

1970	1971	1972	1873	1974	1975	1976	1977	1978	1979
100	99.6	103	128	137	155	117	110	108	107

We must note that the data serving as the basis of the analysis have substantial shortcomings. They are founded on border statistics, which do not take into account what kind of tourist visits the Bulgarian People's Republic--organized, unorganized, transit, those who come "for the purpose of recreation and tourism" etc. Therefore it is sounder to trace the dynamics of tourist traffic on the basis of data for persons visiting the Bulgarian People's Republic "for the purpose of recreation and tourism:"[12]

1970	1971	[illegible]	1973	1974	1975	1976	1977	1978	1979
100	99	[illegible]	103	110	125	93	80	82	113

From the second dynamic series it can be clearly seen that foreign-currency receipts fluctuate more here. In view of the fact that this group of tourists possesses considerable foreign-currency resources intended for immediate tourist use, we can assume that it is the data of the second dynamic series that will serve as a basis for analysis of foreign-currency receipts from tourism. Fluctuations of the tourist traffic from the EEC to the Bulgarian People's Republic range from -19 to +20 percent. These fluctuations are comparatively stable, all the more so since if we correct with receipts from transit tourists as well, we can reduce the fluctuations to ±15 percent, which indicates the relative stability of foreign-currency receipts from Bulgaria's tourist traffic with the EEC countries. This underscores once more the importance of this foreign-currency source for the country.

2) Type of Tourist

The participation of individual tourist types--organized and unorganized--in the generation of foreign-currency receipts from tourism is not the same. During

the first years of the development of international tourism in the Bulgarian People's Republic, organized tourism was the principal and most successful way of receiving and servicing tourists. Tying the tourist traffic from the EEC to the Bulgarian People's Republic to contracts for organized tourists at first yielded very good results in providing tourists with hotel accommodations and meals. In recent years, however, organized tourism has offered big EEC tour operators real opportunities to make additional profits because of their monopoly position and low contractual prices. That is why our attention with good reason is now focused on unorganized tourism. Under unorganized tourism, tourist consumer sales are not tied to the low international-price level, but to our domestic-price level.[13] In this case the level of the exchange rate, which for the unorganized tourists acquires the role and significance of a basic economic factor, again has a significance all its own.

3) Seasonal Fluctuations of Tourist Traffic

Analysis of the seasonal fluctuations of the tourist traffic from the EEC to the Bulgarian People's Republic is made difficult by the comparatively long analysis period: 1970-1980 (or 132 months in all). By the corrected-average method the following results were obtained.[14]

Table 2

SEASONAL FLUCTUATIONS OF TOURIST TRAFFIC FROM EEC
TO BULGARIAN PEOPLE'S REPUBLIC (1970-1980)
(in %)

1 Страна	I	II	III	IV	V	VI
2 Белгия	− 79,0	− 81,7	− 80,0	− 37,6	+ 9,7	+ 28,6
3 Англия	− 79,1	− 73,6	− 63,6	− 49,8	+ 9,7	+ 71,3
4 ФРГ	− 88,5	− 87,1	− 77,3	− 61,0	+ 3,1	+ 96,9
5 Италия	− 70,5	− 75,4	− 66,4	− 60,2	− 45,4	− 40,9
6 Холандия	− 55,1	− 52,0	− 63,4	− 64,8	+ 14,0	+ 68,1
7 Франция	− 86,2	− 83,6	− 77,7	− 53,1	− 9,2	+ 6,9
8 ЕИО — общо	− 82,3	− 81,0	− 73,7	− 56,7	− 0,4	+ 60,6

	VII	VIII	IX	X	XI	XII
2 Белгия	+ 28,6	+ 286,6	+ 132,6	− 26,9	− 90,4	− 85,5
3 Англия	+ 120,1	+ 123,6	+ 93,9	− 23,8	− 62,3	− 69,0
4 ФРГ	+ 192,2	+ 188,7	+ 65,5	− 60,5	− 85,9	− 86,1
5 Италия	+ 96,9	+ 403,9	+ 27,8	− 41,6	− 64,2	− 64,1
6 Холандия	+ 217,6	+ 105,1	+ 18,9	− 59,6	− 74,6	− 54,2
7 Франция	+ 182,9	+ 307,7	+ 22,9	− 55,9	− 75,3	− 79,6
8 ЕИО — общо	− 179,2	+ 220,6	+ 58,1	− 51,6	− 77,4	− 77,9

Key:

1. Country
2. Belgium
3. England
4. FRG
5. Italy
6. Holland
7. France
8. EEC--total

The seasonal fluctuations of tourist traffic from the EEC to the Bulgarian People's Republic show a striking seasonal character of foreign-currency receipts mainly during the months of July and August (for some countries the season is prolonged--for the FRG from June to September, but for Italy it is the month of August alone). The basic form of payment in the case of organized tourists (advance remittances) has a certain neutralizing effect on the seasonal factor. In view of the tendency of unorganized tourism to grow the economic significance of the "seasonal" factor for the status of our tourist balance with the EEC-member countries will persist.

4) Level of Exchange Rate of Bulgarian Lev

The level of the exchange rate of the Bulgarian lev to the currencies of the EEC-member countries is of material importance for the volume of foreign-currency receipts from organized--and mostly from unorganized--tourists. This question is quite complex and requires more detailed analysis that takes into account the inconvertibility of the Bulgarian lev, fluctuations of the capitalist currency system and those of the West European currency system, methods of determining and regulating the exchange rate of the lev, etc. Due to the limited character of the present investigation we shall not dwell here in detail on each of these questions. Let us note only that there is an urgent necessity to make some changes in the methods employed at present from the viewpoint of their conformity to the changes in the real purchasing power not only of the nonsocialist currencies but also of the Bulgarian lev, etc.

The second main line of inquiry into Bulgaria's tourist balance with the EEC-member countries is expenditures of foreign currency. Here let us limit ourselves only to the expenditures of Bulgarian tourists in the EEC without dwelling on expenditures for the settlement of penalties and claims under contracts for the reception of organized tourists from the EEC, the total of foreign-currency expenditures for conversion, etc.

A characteristic feature of Bulgarian tourist traffic to the EEC is its great stability and tendency to increase constantly without the fluctuations in some years characteristic of the tourist traffic from the EEC to the Bulgarian People's Republic. With 1970 as a base, the variations in the Bulgarian tourist traffic to the EEC are as follows:[15]

1970	1171	1972	1973	1974	1975	1976	1977	1978	1979
100	98	125	233	275	203	240	252	276	237

These data categorically refute some theoreticians in the West who allege that the Bulgarian People's Republic and the socialist countries in general restrict the travels of their citizens for political reasons, etc. Such stability of the Bulgarian tourist traffic to the EEC is due to the fact that the Bulgarian People's Republic and the other socialist countries systematically accumulate currencies in order to make possible their national passive tourism.

Official tourism is of primary importance in Bulgaria's tourist traffic to the EEC. During the period from 1970 to 1980 it constituted 72.3 percent of all Bulgarians visiting the EEC. There is a definite nonuniformity in our tourist traffic. The most visited countries are the FRG, Italy and France; the least visited are Denmark, Holland and Belgium. The influence of the seasonal factor is comparatively weak: from -49.5 percent in the month of January to +46.9 percent in the month of August, or a total range of fluctuation of 96.4 percentage points, as against 302.9 percentage points in the tourist traffic of the EEC to the Bulgarian People's Republic. This again underscores the stability of Bulgarian tourist traffic to the EEC countries. Characteristic of the Bulgarian tourist traffic with the EEC countries is the prolonged credit-side tourist season from April to October, which likewise is favorable for the EEC-member countries.

In conclusion, let us note that in the course of our investigation of Bulgaria's tourist balance with the EEC-member countries certain negative phenomena were observable: significant cyclical fluctuations of foreign-currency receipts; the seasonal factor; growth of the role and significance of unorganized tourists with a wider range of payment resources, but also with fewer resources to increase total foreign-currency receipts due to greater freedom of choice of, and reason for tourist travels; insufficiently well-regulated exchange rate of the Bulgarian lev to the nonsocialist currencies,etc. All this makes it imperative that in solving these problems we proceed from a well-clarified analysis of our tourist balance. This will make for more accurate and timelier consideration of the trends in the accumulation and disbursement of foreign currencies in the sphere of tourism and will protect the country against unacceptable risks.

FOOTNOTES

1. WORLD TRAVEL (Madrid), Nos 156/157, 1980, pp 33-36.

2. Ibid.

3. JUODT [expansion unknown; possibly error for IUOTO, International Union of Official Travel Organizations], "Tourism and the Balance of Payments," Geneva, 1977, pp 9, 21, 27.

4. "Economic Survey," OECD [Organization for Economic Cooperation and Development], Paris, 1975-1980.

5. T. Velev, "Foreign-Currency Balances," FINANSI I KREDIT [Finance and Credit], No 5, 1979.

6. H. Grote, "Planirovaniye Vneshneekonomicheskikh Svyazey GDR" [Planning the Foreign Economic Relations of the GDR], Moscow, 1976.

7. Opinions and viewpoints of H. Grote (GDR), (I.) [or J.] Barna (Czechoslovak Socialist Republic), and S. Maslarov (Bulgarian People's Republic).

8. "Ekonomicheska Entsiklopediya" [Economics Encyclopedia], Sofia, 1973, Vol 1, p 80.

9. N. Tsarevski and M. Stoimenov, "Mezhdunarodni Valutni i Kreditni Otnosheniya" [International Foreign-Currency and Credit Relations], Sofia, 1978, K. Marx Higher Institute of Economics-OSDK [expansion unknown].

10. "Entsiklopedichen Naruchnik po Vunshna Turgoviya" [Encyclopedic Handbook on Foreign Trade], Sofia, 1976, pp 2, 134.

11. and 12. TURIZUM [Tourism], a publication of KESSI [Committee on Integrated Social-Information System] in the Council of Ministers for 1970-1980.

13. For more details see N. Tsarevski, E. Georgiev and V. Bonev, "Valutno-Ikonomicheski Problemi na Mezhdunarodniya Turizum v NRB" [Foreign-Currency Economic Problems in International Tourism in the Bulgarian People's Republic], Varna, 1980, p 114.

14. Data calculated by the author according to TURIZUM, a KESSI publication.

15. Data according to TURIZUM, a KESSI publication.

6474
CSO: 2200/41

INTERNATIONAL MOTOR TRANSPORTATION DRIVERS' TRAINING OUTLINED

Sofia OTECHESTVEN FRONT in Bulgarian 17 Nov 83 p 2

[Article by Mikhail Gorinov and Petur Moev: "The World Standard Is for the Best Trained"]

[Text] Why Bulgarian drivers are superior to many others.
Training is related to needs and reflected in end results.
A new idea worthy of support.

An extensive assignment to a number of Western countries gave us the opportunity to see the high professionalism, order and discipline of Bulgarians working in international automotive transportation. "These are the best drivers on the roads of Europe, the Middle East and Africa," our clients and partners, representatives of big business, emphasized to us. "With them everything is calm and secure." "They cause no problems at our borders, customs houses and roads," added senior police and customs officials, who deal on a daily basis with them, deals which have long developed into meetings between old acquaintances. A very highly placed official was even extremely frank with us:

"The Bulgarian drivers are superior to ours in every respect!"

Yet "ours," i.e., theirs, are not to be underestimated, for they represent a nation long known for its high technical standards, experience, training and discipline.

We sought the answer by asking the management of the International Automotive Transportation Economic Trust:

"In order to reach world indicators and be on the world level we must have the best possible training of cadres who grow steadily, are ready to respond to all changes in the international and domestic situation instantly, and are subject to control and self-control..."

The trust developed, experimented and is steadily developing such a training system, despite the tremendous difficulty of upgrading the skills of working people 80 percent of whose working time is spent abroad, on the road, sometimes missing prompt and reliable information concerning events and tasks. The system, however, is operational.. Its mechanisms and content would be hard to describe. Its end results are easier: thanks precisely to its

engineering-technical and performing cadres, Bulgarian international automotive transportation is the most powerful organization for transportation services in Europe, distinguished by its work and enviable reliability and professionalism. That is why it is preferred by merchants in three continents and, incidentally, was recently approached by representatives of large companies overseas with suggestions for cooperation.

One of the main concerns of the trust's management is the steady enhancement of the training of its cadres. When a person grows, however, his clothes become tighter and he needs new ones fitting his size. The professional training center of the MAT SO [International Automotive Transportation Economic Trust] has an organization (clothing) no longer consistent with its size. It is true that currently as well it is providing very highly specialized training for performing cadres. However, specialized training alone is insufficient for developing the type of representative not only of Bulgarian international automotive transportation but also of socialist Bulgaria abroad. In addition to having the best technical and organizational training, such a person must be most clearly informed in matters of international politics and economics and have strong ideological and social training. Furthermore, a MAT SO driver must be able to control, to be the master of the car and the goods hauled and be able to make the best possible decisions quickly and most accurately. Such cases occur quite frequently, as frequently as the driver is on the road, i.e., whenever he makes a run. Therefore, he must be informed at all times of changes not only in the international and domestic situation but of one decision or intention of his trust or another, which too is the result of changing circumstances. Proper knowledge of administrative, customs, border and shipping regulations is a basic requirement without which no run is possible. This is absolutely mandatory.

Therefore, we return to the question of tight clothes. The training system requires a new organization, new scope and a new vision. For the past year this has been taking place in all operational enterprises of the MAT SO in the country. All the new mandatory requirements that we mentioned have been organized and applied. A driver without a properly verified "student card" certifying to his training is not allowed to take to the road. This "student card" certifies that the driver has covered all forms of training.

We asked the following question at the methods department of the vocational training center of the operational enterprise in Gorublyane:

"Is this not an additional burden for the drivers? Do some of them try to avoid it or else to participate only formally?"

It turned out, however, that the drivers are interested in enhancing their comprehensive specialized, political, ideological, managerial and linguistic skills. Daily practical experience has convinced them that the better they fulfill their assignments the more they will earn. Conversely, violations and omissions entail penalties. The strong and uncompromising link between wages and work quality leads every day arriving and departing drivers to attend the 4-hour classes from which they come out invisibly yet definitely improved professionally and spiritually.

We were told of an idea of the Trust's management which we would like to share. The entire comprehensive and varied cadre training can no longer fit the tight clothing of the MAT SO drivers. This has been more than confirmed and has made it more than necessary, on the basis of present experience and increased requirements, to set up a center for upgrading cadre skills. No single higher educational institution in the country trains cadres meeting specifically the requirements of our international automotive transportation system. That is why the management cadres and specialists with university or secondary school training must attend qualification courses directly related to the MAT, closely interacting with the higher educational institutions and AONSU [Academy of Social Sciences and Social Management]. Such a training center will also make it possible to cover more widely all cadres in the already existing permanent training subsystem, which had been undergoing tests for the past year and has yielded good results. The training center would help the cadres in Bulgarian international automotive transportation to meet even better the global requirements which are steadily increasing for a number of political and economic reasons.

"The MAT SO is a symbol of quality," businessmen from many countries have said.

Why is this? We have described one of the factors: the systematic and complete training of cadres within the entire system of the trust on a high political and professional level.

5003
CSO: 2200/46

LAWS DEFINING NEW R&D, INVESTMENT COMMISSIONS PUBLISHED

Law No. 115: CSSR Commission

Prague SBIRKA ZAKONU in Czech No 26, 1983 pp 743-745

[Text] Law No. 115 dated 26 October 1983 which supplements Law No. 133/1970 of SBIRKA defining jurisdiction of federal ministries

The Federal Assembly of the Czechoslovak Socialist Republic decreed the following law:

Article 1.

The Law No. 133/1977 Sb. [Collection] which defines the jurisdiction of federal ministries in accordance with the Law No. 158/1973 of the Sbirka, the legal measures of the leadership of the Federal Assembly No. 17/1976 Sb., and the Law No. 149/1979 Sb. is changed and supplemented as follows:

Paragraphs 51 and 54, including the title, should read:

"State Commission for R&D and Investment Development

Paragraph 51

State Commission for R&D and Investment Development (hereafter the "State Commission) is a central federal agency of the federal administration for research and development and investment planning.

Paragraph 52

State Commission

a) Processes recommendations pertaining to the consolidated state research and development policy, its main objectives, including the principles for its comprehensive implementation, and presents them to the government of the Czecho-Slovak Socialist Republic; cooperates with the State Planning Commission in developing the proposals of a consolidated state investment policy and lays the basis for comprehensive techno-economic supporting documents;

b) Cooperates in the developments of state programs and, in cases determined by the government of the Czechoslovak Socialist Republic, is responsible that they are carried out; it follows and evaluates compliance;

c) According to the principles approved by the government of the Czechoslovak Socialist Republic, it participates in the preparations of the overall R&D, economic and social development forecast for the Czechoslovak Socialist Republic;

d) According to the principles for drafting the state economic development plans of the Czechoslovak Socialist Republic and according to CSSR government directives, it is responsible for the preparation, development, and submission of the state plan for science and technological development proposals *)

*) para 4, item 2 of the Law no. 145/1970 of the Sbirka which outlines national economic planning

and conducts the preparation and development of the proposal of the state plan of projects and standardization efforts **)

**) para 2, item 2, subpara c) of Law No. 54/1963 Sb. defining the Czechoslovak Academy of Sciences

in close cooperation with the State Planning Commission; reviews the proposal for basic research prior to its submission by the Czechoslovak Academy of Sciences to the government of the Czechoslovak Socialist Republic;

e) After reviewing the tasks ensuring the implementation of the state plan for sciences and technological developments with the appropriate agencies of the state administration, proposes its inclusion in the capital investment plan;

f) On the basis of the consolidated state research and development policy, and its principles approved by the government of the Czechoslovak republic, establishes the disbursements of financial, foreign currency, and other assets in accordance with the details of the state economic development plan of the Czechoslovak Socialist Republic, the federal budget and the Czechoslovak Socialist Republic fiscal plan, to ensure the fulfilment of the planned tasks in the sciences and technology and in support of the activities of the consolidated research and development organization base in the Czechoslovak Socialist Republic; creates reserves, within the limits of these funds, to be used for the acceleration of the innovation processes. In cooperation with the State Planning Commission, establishes the uses of other funds budgeted for state programs for which it is responsible;

g) Together with the State Planning Commission, the federal finance ministry, and the appropriate central agencies of the republic, develops proposals for the concept of state housing policy including proposals for its implementation; presents the developed proposals, together with the State Planning Commission and federal finance ministry, to the government of the Czechoslovak Socialist Republic;

h) Together with the State Planning Commission and other federal central agencies and central agencies of the republic, develops the concept of environmental protection; after reviewing the proposal with the government of the Czech Socialist Republic and the government of the Slovak Socialist Republic, submits it to the government of the Czechoslovak Socialist Republic;

ch) Together with the appropriate federal central agencies and central agencies of the republic, develops the concept of international cooperation in the area of research and development, including licensing policies and technical assistance, environment, investment planning and required support; organizes these activities and submits the developed proposals to the government of the Czechoslovak Socialist Republic;

i) Recommends to the government of the Czechoslovak Socialist Republic management principles for the consolidated research and development base in the Czechoslovak Socialist Republic; gives opinion on the inclusion of organizations into the consolidated research and development base or their removal therefrom;

j) Ensures the formation and activity of the system of scientific, technological, and economic information work areas and develops the concept for building computerized management systems;

k) Is responsible for the expertise in the area of investments in branches responsible to the federal agencies and investments of federal [level of] significance so designated by the government of the Czechoslovak Socialist Republic and for its implementation in accordance with the principles and intents of the state technological and investment policy;

l) Coordinates controls in the area of the R&D and investment development; controls the fulfilment of the consolidated state plan for development of science and technology and the implementation of investments selected according to principles approved by the government of the Czechoslovak Socialist Republic and recommends appropriate measures;

m) Coordinates support for the consolidated state research and development, investment and housing policy and the concept of environmental protection and improvements, international cooperation (subpara ch) and building of computerized management systems.

Paragraph 53

(1) On the basis of this law, the state commission issues generally binding legal directives in the area of:

a) planning of research and development;

b) research and development base, scientific, technical, and economic information and computerized management systems;

c) use of financial, foreign currency, and other assets budgeted according to paragraph 52, subpara f);

d) conduct of inventive, planning, engineering, and standardization activities;

e) preparation, implementation, and evaluation of investments;

f) determination of economic effectiveness of the R&D and investments;

g) budgeting of capital investments.

(2) Generally binding legal directives published by the appropriate federal central agencies in the areas of financing of research and development, pricing of research and development work, wage forms and employee rewards at the pre-production stages and other, generally binding, legal directives of the federal central agencies involving research and development and its implementation as well as investment development, will be issued after consultation with the State Commission.

Paragraph 54

(1) The Patent Office and the Standards and Measures Bureau are subordinated to the Chairman of the State Commission; their standing and responsibilities are established by separate directives.

(2) The Czechoslovak Nuclear Power Commission (hereafter the "Commission") is subordinated to the Chairman of the State Commission. The Commission is a federal agency of the state administration. Its chairman, deputy chairman, and other members are appointed by the government of the Czechoslovak Socialist Republic and serve at its pleasure.

(3) The Commission responsibilities are to:

a) develop proposals for the Czechoslovak nuclear program and proposals for the extent and division of assets needed for its implementation and, in cooperation with the federal agencies and agencies of the republic to ensure compliance therewith;

b) approve the use of fissionable materials, give opinion on its import and export and maintain the records;

c) on the basis of this law and in cooperation with the federal ministry of fuels and energy, publish binding legal directives on nuclear safety during the planning stages, construction, and operation of the nuclear facilities, maintain records on radioactive and fissionable materials and oversee rendering harmless the radioactive waste;

d) within the limits defined, fulfill tasks in the international cooperation in the area of nuclear power.

Article II

(1) The rights and responsibilities, based on legal and other relations, are transferred from the federal ministry for technological and investment development to the State Commission.

(2) Wherever the legal directives speak of federal ministry for technological and investment development, it is understood to refer to the State Commission, wherever there is mention of minister of the Czechoslovak Socialist Republic for Technological and Investment Development, it is understood to mean the chairman of the State Commission.

Article III

(1) The State Commission has the authority to decide policy questions within its jurisdiction in a quorum of its members.

(2) Other questions within the jurisdiction of the State Commission are decided by its chairman and the senior officials on the basis of division of management responsibilities established by the State Commission statutes.

Article IV

This law becomes effective on 1 November 1983.

/signed/ Husak

/signed/ Indra

/signed/ Strougal

Law No. 118: CSR Commission

Prague SBIRKA ZAKONU in Czech No 26, 1983 pp 746-747

[Text] Law No. 118 of the Czech National Council, dated 31 October 1983, which changes and supplements the Law No. 2/1969 of the Czech National Council establishing the ministries and other central agencies of the Czech Socialist Republic state administration

The Czech National Council has decided on the following law:

Article 1.

The Czech National Council Law No. 2/1969 Sb., establishing ministries and other central agencies of the Czech Socialist Republic state administration, in accordance with the Czech National Council Law No. 34/1970, No. 147/1970, No. 125/1973 and No. 25/1976 of the Sbirka is changed and supplemented as follows:

1. In the listing of the ministries of the Czech Socialist Republic, paragraph 1, item 1, the ministry of development and technology is deleted.

2. New paragraph 1 a is added after paragraph 1 as follows:

"Paragraph 1 a

(1) A Czech Commission for R&D and Investment Development is hereby established as a central agency of the Czech Socialist Republic state administration to be responsible for R&D and investment development, territorial planning and construction codes.

(2) The Czech Commission for R&D and Investment Development consists of a chairman, who is the deputy premier of the government of the Czech Socialist Republic, and other members. The chairman of the Czech Commission for R&D and Investment Development is named by and serves at the pleasure of the Czech National Council; other members of the Czech Commission for R&D and Investment Development are named and serve at the pleasure of the government of the Czech Socialist Republic.

(3) The work of the Czech Commission for R&D and Investment Development is managed and its decisions are issued by the chairman of the Czech Commission for R&D and Investment Development.

(4) The Czech Commission for R&D and Investment Development decided policy questions within its jurisdiction in a quorum of members. Other questions are decided by the chairmen and senior officials on the basis of division of management functions established by the commission statutes."

3. Paragraph 6 is hereby deleted.

4. In paragraph 20, the words "in paragraph 1 and 2" are superseded by words "in the first section."

Article II.

The ministry of development and technology is hereby abolished. Its jurisdiction, rights, and responsibilities resulting from legal and other relations are transferred to the Czech Commission for R&D and Investment Development.

Article III.

This law becomes effective on 1 November 1983.

/signed/ Kempny

/signed/ Korcak

Law No. 121: SSR Commission

Prague SBIRKA ZAKONU in Czech No 26, 1983 p 748-749

[Text] Law No. 121 of the Slovak National Council, dated 1 November 1983, which changes and supplements the Law No. 207/1968 of the Slovak National Council establishing the ministries and other central agencies of the Slovak Socialist Republic state administration

The Slovak National Council has decided on the following law:

Article 1.

The Slovak National Council Law No. 207/1968 Sb., establishing ministries and other central agencies of the Slovak Socialist Republic state administration, in accordance with the Slovak National Council Law No. 150/1970, No. 121/1971, No. 41/1972 and No. 39/1973 of the Sbirka is changed and supplemented as follows:

1. In the listing of the ministries of the Slovak Socialist Republic, paragraph 1, item 1, the ministry of development and technology is deleted.

2. New paragraph 1.a. is added after paragraph 1. as follows:

"Paragraph 1.a.

(1) A Slovak Commission for R&D and Investment Development is hereby established as a central agency of the Slovak Socialist Republic state administration to be responsible for R&D and investment development, territorial planning and construction codes.

(2) The Slovak Commission for R&D and Investment Development consists of a chairman, who is the deputy premier of the government of the Slovak Socialist Republic, and other members. The chairman of the Slovak Commission for R&D and Investment Development is named by and serves at the pleasure of the leadership of the Slovak National Council; other members of the Slovak Commission for R&D and Investment Development are named and serve at the pleasure of the government of the Slovak Socialist Republic.

(3) The work of the Slovak Commission for R&D and Investment Development is managed and its decisions are issued by the chairman of the Slovak Commission for R&D and Investment Development.

(4) The Slovak Commission for R&D and Investment Development decides policy questions within its jurisdiction in a quorum of its members. Other questions are decided by the chairmen and senior officials on the basis of division of management functions established by the commission statutes."

3. Paragraph 6, item 2 is changed as follows:

"(2) Head of the Slovak Geological Bureau is the chairman who is appointed by and serves at the pleasure of the government of the Slovak Socialist Republic. The chairman of the Slovak Geological Bureau is responsible to the government of the SSR."

Article II.

The ministry of development and technology is hereby abolished. Its jurisdiction, rights, and responsibilities resulting from legal and other relations are transferred to the Slovak Commission for R&D and Investment Development.

Article III.

This law becomes effective on 1 November 1983.

/signed/ Salgovic

/signed/ Colotka

CSO: 2400/121

GERMAN DEMOCRATIC REPUBLIC

REGULATIONS ON USE OF ADDITIONAL REVENUES, OTHER FUNDS

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 31, 17 Nov 83 pp 301-304

["Fifth Implementing Regulation to the Law on the National Budget Order of the GDR - Implementation of the Annual National Budget Plans - of 30 September 1983," signed by E. Hoefner, Minister of Finance, on 30 September 1983; Supplements 1 and 2]

[Text] For implementing the annual national budget plans. pursuant to Article 24 of the 13 December 1968 law on the national budget order of the GDR (GBL Part I No 23 p 383)--henceforth referred to as national budget order--the following regulations are issued:

Article 1 - Range of Application

This implementing regulation applies to
(a) the ministries and other central state organs and official institutions under them and
(b) the bezirk, kreis, city-district, town and communal councils and community associations and the official institutions under them.

Local Council Revenue

Article 2 - Own Revenue According to Plan

The local councils are responsible for realizing according to schedule revenue according to plan they have to produce under their own responsibility. To finance expenditures according to plan they have available their own revenue according to plan as of Appendix 1.

Article 3 - Additional Revenue

Local councils have additional revenue available in conformity with legal regulations, as to Appendix 2.

Obligation and Use of Extra Revenue, Surplus Revenue, Redistribution of Planned Outlays and Free Funds Due to Lower Expenditures

Article 4 - Principles for the Obligation and Redistribution of Budgetary Means

(1) The budget funds in the budget plans of the ministries, the other central state organs and the local councils may be used for purposes set down to the ceiling that conforms with mandatory state plan quotas on the basis of norms, standards, ceilings, contingents and other official mandatory measures.

(2) The ministers and heads of other central state organs and the local people's representations and their councils, according to the provisions of Articles 5 and 6, may redistribute planned expenditures and make use of free funds when expenditures dropped. The local people's representations and their councils may, in accordance with the provisions of Article 6 and in conformity with economic requirements and on behalf of the most efficient use of material and financial funds and the mobilization of reserves, use additional revenue and surplus revenue in their budgets to fulfil completely the planned tasks in the course of plan implementation.

(3) The expenditures allocated with the state planning quotas for
(a) investments,
(b) science and technology,
(c) value preservation,
(d) wage funds,
(e) social insurance and accident fees,
(f) product-related price supports,
(g) money paid to the population including indemnities and other monetary payments,
(h) food, meals for pupils and infants, household care for citizens, cheap lunches for citizens in need of welfare, and
(i) interests and redemptions (including credit remission payments to young couples)
may be redistributed only for the given planned purposes. They are used in accordance with legal regulations issued. A redistribution of budgetary means for investments and for science and technology is admissible only within the scope of material changes and object-related on the basis of decisions from the Council of Ministers and the local people's representations with due regard for legal regulations.

(4) Exempt from redistribution are the obligated budgetary means of the
--bonus, cultural, social and entertainment funds, and
--cultural, sports and other funds that are obligated by legal regulations and bear a carry-over clause to the following year.

(5) Through the use of extra revenue, surplus revenue, the redistribution of planned outlays and the disposition over free funds due to lower expenditures, in accordance with legal regulations and the obligations set down in Article 3, it is not admissible to
--raise the ceilings for expenditures in the documentary budgetary plans of the ministries and the other central state organs and any given local councils, as allocated with the annual national planning quotas,
--exceed the expenditure citeria such as norms and standards as laid down in legal regulations,
--exceed the ceiling for financial means for the material funds and contingents as set down in the national economic plan, and
--finance foreign exchange expenditures.

(6) If the budgets of the ministries and the other central state organs as well as the local councils in the course of plan implementation receive surplus revenue causally related to surplus expenditures, such expenditures may be exceeded up to the level of the surplus revenue, even when maximum amounts were set down, if it results in higher achievements of benefit to the economy or the population. At that, expenditure criteria set down in legal regulations such as norms and standards and established material contingents may not be exceeded.

(7) The use of extra revenue, surplus revenue, the redistribution of planned outlays and free funds due to reduced expenditures from the budget plans of the ministries and other central state organs and the local councils has to be documented and made accountable.

Article 5 - Use of Surplus Revenue and Redistribution of Planned Outlays and Free Funds Due to Reduced Expenditures in the Budget Plans of the Ministries and the Other Central State Organs

(1) On the use of surplus revenue in the budget plans of the ministries and the other central state organs as to Article 4, Paragraph 2 in the national budget order, in principle, the Council of Ministers decides. Exempt from that is the surplus revenue according to the provisions of Article 4, Paragraph 6. About that, the ministers and heads of the other central state organs decide. They may transfer their decision-making authorizations to the heads of the official institutions under them.

(2) The ministers and heads of the other central state organs may redistribute planned outlays and free funds due to reduced expenditures, in accordance with the provisions of Article 4, within their own area of responsibility (single plan). They may transfer their decision-making authorizations to the heads of the official institutions under them. Article 4, Paragraph 2 of the national budget order of the Council of Ministers decides on what to do with free funds, due to reduced expenditures, that were not used up by the year's end.

Article 6 - Use of Extra Revenue, Surplus Revenue and Redistribution of Planned Outlays and Free Funds Due to Reduced Expenditures in the Budget Plans of the Local Councils

(1) The local people's representations, as to Article 8, Paragraph 1 of the national budget order, rule on the use of extra revenue, surplus revenue and the redistribution of planned outlays and free funds due to reduced budgetary outlays by the local councils. According to Article 8, Paragraph 4 of the national budget order, they may authorize the councils to do so. These funds may be used to
--finance planned tasks in the territory,
--boost the budget reserve, or
--ensure liquidity in the budgets of the subordinate councils.

(2) Within the scope of authorizations received from the local people's representations, planned outlays and free funds due to reduced expenditures, which are obligated in accordance with the provisions of Article 4, Paragraph 3, may be redistributed by
(a) the local councils among council departments, or

(b) the bezirk councils, among the kreises, and the kreis councils, among towns and communities.
Funds not used up for the bezirk at large by the year's end, regardless of whether cash on hand is as planned, must be handed over to the central budget. Reduced from these funds that have to be handed over is the reduced revenue relative to the provisions of Article 4, Paragraph 3, Letter h.

(3) Not to be handed over to the central budget are:
--Funds not used up for value preservation. By the year's end, in as much as they exceed the cash on hand planned, they are put into the basic assets fund and used to finance planned investments and value preservation measures in the subsequent year; and
--funds not used up which, in accordance with Article 4, Paragraph 4, can be carried over to the following year.

(4) Extra revenue, surplus revenue and free funds due to reduced expenditures as to the provisions of Paragraph 1 may be put into the people's representation fund after deducting the amounts the central budget is entitled to, to the extent that they are available by the year's end above and beyond the cash on hand planned. One must make sure that the cash on hand planned in the budgets of subordinate councils is obligated at the full amount.

(5) The councils of kreis towns and communities and the communal associations may, within the scope of the official plan parameter "value preservation" in their budget plan, invest up to a total of M 10,000, especially in improving the care and provisioning of the citizens, with due regard for legal regulations.

(6) The local councils, above and beyond the official plan parameter "investments (material volumes)," may purchase used basic assets not under balancing obligation for the rationalization of production and services in the field of care and provisioning of the citizens, in accordance with legal regulations.*

Article 7 - Enforcing Budgetary Discipline

(1) The ministers, heads of the other central state organs and the chairmen of the local councils and the heads of official institutions take the measures needed to enforce the legal regulations for abiding by a strict budgetary discipline while they prepare, implement and account for the budget plans.

(2) When budgetary discipline has been violated, the official manager in charge must uncover and eliminate the causes and call the liable party to account in accordance with legal regulations. Finance audit organs are under the obligation to support the official manager in this and supervise the implementation of the measures taken.

*In effect at this time is the 20 September 1979 guideline on financing the investments of state organs and facilities and of housing const.uction (GBL Part I No 32 p 310).

(3) Financial means resulting from violations of budgetary discipline must be transferred to a special central budget account as soon as the violation is ascertained by the official manager in charge and state audit. That concerns
--illegally planned budgetary means and funds,
--revenue that was unlawfully not included in the plan of the current year because at the time of planning its amount was unknown or could not be computed,
--budgetary means illegally transferred to the subsequent year,
--payments to the central budget illegally not made or computed erroneously,
--means not resorted to illegally by the central budget,
--illegally managed budgetary means outside the admissible bank accounts or petty cash in offices (that also includes unauthorized amounts in safe-deposit and special accounts),
--illegal additions to the people's representation and basic assets funds, and illegal expenditures for representation, promotion, celebrations and personal expense accounts, made from budgetary means.

Article 8 - Final Provisions

(1) This implementing regulation goes into effect on 1 November 1983.

(2) Amended at the same time is the 20 September 1979 guideline on financing the investments of state organs and facilities and of housing construction (GBL Part I No 32 p 310), as follows:

(a) Part II Figure 4 Sentence 1 now is formulated as follows:
"To meet financial needs according to plan, the following sources are to be planned:
State budgetary means,
credits."

(b) Part II Figure 5 and Part III Figure 4 are rescinded.

(c) In Part III Figure 5, sentences 1 and 2 are altered.
--Sentence 1 is now formulated as follows:
"The local councils, above and beyond the official plan parameter 'investments (material volumes),' may purchase used basic assets not under balancing obligation for the rationalization of production and services in the field of care and provisioning of the citizens, in accordance with legal regulations."
In sentence 2, after the dash "--funds of the people's representations" the following new dash is inserted: "--extra revenue, surplus revenue and free funds due to reduced expenditures (except obligated outlays)."

Appendix 1 to the Fifth Implementing Regulation

Local Council Revenue According to Plan

Revenue from	Revenue Goes to
a) Net profits to the state, production and commercial fund payments, product-related payments, amortization payments, working capital payments and other fixed payments of the state-owned combines and enterprises under the local councils	Budgets of the councils of the bezirks, kreises, city-districts, towns and communities
b) Savings banks	Kreis council budgets
c) Funds and net profit payments of the consumer co peratives	Bezirk council budgets
d) Revenue of technical organs and the official facilities under them	Budgets of the councils of the bezirks, kreises, city-districts, towns and communities
e) Economic payments from agriculture	Kreis council budgets
f) Taxes from socialist cooperatives, private craftsmen and tradesmen, the free professions, inheritance, real estate, racing and lottery tax and other specified dues	Bezirk and kreis council budgets
g) Communal taxes (land tax, dog tax, entertainment tax)	Budgets of the town and communal councils and those of the city-kreises and city-districts
h) Income to be used for specific purposes according to legal regulations (from contests, dust and exhaust money, means of the cultural fund, health spa taxes, and income from lotteries and tombolas and the like)	Bezirk, kreis, town and communal council budgets
i) Means from the funds of state-owned combines and enterprises, state facilities, and from socialist cooperatives, according to legal regulations, for the purpose-directed funding of tasks relating to communal elections and income from the "young socialists accounts" to finance rationalization measures	Bezirk, kreis, town and communal council budgets
j) Shares in the total national budget revenue or in the bezirk council budget revenue	Local council budgets whose own revenue as to letters a through h despite demands for efficiency is not large enough to finance their planned outlays though the criteria for socialist thrift were strictly observed

Appendix 2 to the Fifth Implementing Regulation

Additional Revenue for the Local Councils

a) Late payment dues,
b) Dues for notifications and disciplinary fines,
c) Excess profit and pricing penalties,*
d) Income from contract penalties and other sanctions due to contractual relations of state organs with enterprises, cooperatives and other institutions (with the exception of stallage and additional charges for exceeding loading schedules in motor vehicle traffic, which have to go to the central budget),
e) Income from damage payments including insurance payments and rulings by the organs of jurisdiction, to the extent that local councils are entitled to them,
f) Revenue from the sale of state-owned homes and shares therein,**
g) Donation income,***
h) Special payments from the state-owned combines and enterprises under the local councils in conformity with the order on the financing guideline for the state-owned economy**** and payments handed over in line with the legal regulations on settling and delineating financial funds for the annual profit-and-loss statement.

---

*In effect at this time is Order No Pr 9/1 of 25 June 1970 on returning and paying excess profits through exceeding prices--the excess profit order--(GBL Part II No 63 p 459).

**In effect at this time is the 19 December 1973 law on the sale of state-owned homes and shares of homes and buildings for recreational purposes (GBL Part I No 58 p 578).

***In effect at this time is the 29 December 1979 order on accounting for, administrating and using donations to state organs and state institutions (GBL Part I, 1980, No 3, p 28).

****In effect at this time is the 14 April 1983 order on the financing guideline for the state-owned economy (GBL Part I No 11 p 110).

5885
CSO: 2300/170

LEVEL OF SOPHISTICATION FOR PATENTS NOT HIGH ENOUGH

East Berlin PRESSE-INFORMATIONEN in German No 137, 24 Nov 83 pp 4-5

[Article signed by Dr. E. Heyde, department head, Office for Inventions and Patents: "To Challenge Inventors with Ambitious Goals"]

[Text] There are still too many scientific-technical achievements and results which do not go beyond that which is known and available on the world market. That includes inventions. In spite of the progress made in recent years, the level of many patent applications is not sufficient in order to push deep into technical virgin territory. This is why it is urgently necessary to work out and use demanding inventive solutions in all fields that are decisive for the national economy.

The question has been frequently asked as to what factors and conditions must be created in order to arrive at inventive solutions that will be on the proper level. Outstanding scientific-technical results therefore have been the occasion for an analysis which involved a broad generalization of good experiences on the way to highly effective inventions. The following emerged in this context: The performance pressure, which is based on high goals in the plan or in the tasking workbook (Pflichtenheft) corresponding to the requirements of the national economy, is becoming an ever more important point of departure. This means that, where demanding requirements are established, there is a growing opportunity for producing high-level results. The highly effective inventions, where specific requirements fo the users formed a point of departure, rose from about 50 percent in 1977 to almost to two-thirds in 1982.

Subjective Factor Grows

The analysis documented the following: The action readiness of inventors, effective support through managers, a creative work atmosphere, and close teamwork and cooperation dominate much more strongly that in the 1970's as prerequisites for high-level results and their rapid practical application. Here, the motivation to achieve top results through identification with high requirements turns out to be a decisive point of departure.

Achieving this attitude calls for a high degree of ideological clarity. In looking at the demanding tasks, which in the beginning often seem insoluble,

the emphasis is then not on the argument as to why things do not work but rather the consideration as to how the problem can be solved. Such an atmosphere, marked by a high degree of performance readiness and close cooperation between the leader and the team--these are essential conditions when it comes to mastering difficulties. The specific requirements connected with a task which could not be solved through the known state of the art and the full identification of the team of researchers with these requirements in the Fuerstenwalde Chemical and Tank Farm Construction VEB led to a new method for the production of outside insulation for tanks which is protected under patent law. The benefit comes to more than M10 million.

More than during past years, the thorough analysis of the worldwide state of the art is one of the most essential factors in successful inventor activities. Here, patent literature is used by the majority of inventors as a comprehensive source of information and inspiration for ideas, as an indispensable part of efficient research work. Thoroughly grounded knowledge about the state of the art and its development tendencies has a motivating effect and is a challenge to find even better and more effective solutions. On this basis, it was possible especially in some research installations of the Leipzig-Grimma Chemical Plant Construction Combine VEB to develop internationally new engineering solutions which are distinguished by a high degree of effectiveness.

Accomplish Complicated Tasks in Shorter Time

There are close reciprocal relationships between the problems to be solved, the time factor, and a scientific-methodological operating procedure. They strongly influence the level of the invention and its economic effectiveness. In the process it turns out that the number of problems, which must be solved on the way from the inventive ideas to the introduction of the invention, keeps growing. That is quite normal and that is no different anywhere else in the world.

Some managers and researchers are still inclined to derive from this a demand for a longer development time. But in international terms, the time from the idea to its practical implementation keeps getting shorter. This tendency is quite unmistakable--in spite of growing problems--also in the highly effective inventions which were translated into practical results in the GDR in 1982. This apparent contradiction is resolved especially through effective methods of creative work which include a methodological-rational approach and the determination of the optimum solution. This not only reduces the time involved but also promotes effectiveness.

In the Buna Chemical Works Combine VEB, for example, it was possible to start practical utilization of a complex of inventions for the manufacture of new PVC types within 6 months; at the Wolfen Film Factory VEB, the time factor connected with an invention for a flaw prevention agent in films amounted to 12 months; and at the Coswig Chemical Works VEB, the development of a novel, patented process took 15 months.

The unity of problem, development, and practical utilization characterized inventors from the Buna Works and from the Chemical Plant Construction Enterprise as a factor in the achievement of success. Here, successful inventors place a higher value on the experience of seeing their ideas put to use than getting material incentives. The latter again are most effective when used in a success-oriented manner.

The factors described here achieve their greatest effect through their unity. Contemplated individually, they are nothing new, yet they are not easy to implement in their complexity. To be able to do justice to the growing requirements regarding the economic efficiency of science and technology, all managers and staff members must tackle this task especially in the production-preparing sectors.

5058
CSO: 2300/161

ECONOMIC RELATIONS WITH ITALY DESCRIBED

Budapest MAGYAR HIRLAP in Hungarian 5 Nov 83 p 4

/Article by Istvan Nadory: "Swinging Over the Trough of the Wave"/

/Text/ Next week in Italy, Hungarian days will be organized in Rome and in Bologna. Besides the economic and cultural productions there will be high level talks between representatives of the two countries. On Tuesday, a delegation led by Deputy Prime Minister Jozsef Marjai will travel to Italy.

Hungarian-Italian economic relations developed out of and built upon social, political and cultural contacts established many centuries ago. In the Middle Ages, Hungary "transported" a multitude of live animals to the Italian market. At the time, this commodity naturally made the trip on its own feet. Italy, on the other hand, transported the most varied consumer items; later, beginning with the end of the last century, more and more Italian machinery and installations got to Hungary.

Italy is our third largest partner among the developed capitalist countries, with 11.4 percent of Hungarian export and 7.5 percent of import with those countries.

The years of worldwide economic recession placed a heavy burden on the Italian economy, and to a large extent, the fact that in 1981, Hungarian export to this country decreased by more than 20 percent, by roughly 100 million dollars, can be attributed to this situation. Last year the situation improved, but it was not possible to reach even the 1979 level with the six percent growth of Hungarian export. Italian deliveries decreased by 12 percent, in connection with the holding down of Hungarian investments, as well as the slower growth of production, and the moderation in the purchase of raw materials for smelting and for the chemical industry. This year, both Hungarian and Italian deliveries, calculated in dollars, have diminished, but hopefully this tendency will come to a halt, since a number of significant business agreements promise an improvement.

As far as its product structure is concerned, in the recent past, there has not been a substantial change in Hungarian export. The portion of agricultural and food industry products is more than 50 percent, and within this, especially the transport of live and of slaughtered animals is significant. For example, the value of Hungarian live and processed rabbit transports in 1982 was around 50 million dollars. Because of the skimming system of the European Economic Community, Hungarian companies delivered only a fraction of the one-time amount of beef, barely more than a 5 million dollar value.

A persistently negative characteristic of Hungarian export commodity structure is that the portion of finished industrial products is unusually small, barely 10 percent, which amounts to one-third of the finished industrial product portion of total Hungarian export destined for developed, capitalist countries. This falls far behind the productive capacity of Hungarian industry. A fruther negative characteristic of last year's Hungarian export structure was that machine export fell by one-quarter, compared to the earlier low level.

Raw materials and partially finished products make up 70 percent, consumer goods 10 percent and machines 14 percent of Italian exports to Hungary. The last percent is lower than the corresponding ones for Hungary's trade relations with other developed, capitalist countries.

In 1982, there were roughly 50 cooperative agreements in effect between Hungarian and Italian companies, while there were discussions under way about beginning new cooperative ventures in a similar number of areas. Two-thirds of the cooperative agreements have been made in the machine industry.

For many years there have been general cooperative contracts between Hungarian companies and large Italian concerns. The agreements concluded with ENI (the Italian State Oil and Chemical Industry Concern), FIAT, Montedison and Pirelli have proved to be beneficial to both sides, but they resulted in regular purchases rather than in productive cooperation.

In spite of all this, traditionally strong, and from the Hungarian point of view, exceptionally significant economic relations have developed between the two countries. The 1983 drop in commodity trade is probably only temporary and is connected to changes in prices and in exchange rates.

The future, however, requires that productive, cooperative contacts between the two countries be appreciably expanded both in the industrial as well as in the agricultural and the food industry spheres. Only up-to-date economic cooperation, utilizing the advantages of itnernational work sharing to mutual benefit can provide security in bilateral relations against recessionary and uncompetitive effects.

It seems that lately companies have begun to pay greater attention than before to marketing work in Hungarian-Italian relations. Technoital having been established, has achieved positive results. This is Technoimpex's diversified Italian company which markets Hungarian machine tools. On the Italian side careful market analysis preceded FIAT's Hungarian sale of tractors. An exceptionally important result was that the second tractor order for 225 pieces was placed after competitive bidding conducted in the framework of agricultural programs being implemented under World Bank financing.

There were earlier examples of positive results in third market cooperation. Thus Ganz Electrical Works delivered power plants with its Italian partners to Turkey. Hungary's World Bank membership also promotes this type of cooperation in Italian relations.

12489
CSO: 2500/67

FINANCE MINISTRY OFFICIAL EXPLAINS PROBLEMS IN REGULATORS

Budapest NEPGAZDASAG in Hungarian 19 Nov 83 p 3

[Interview with Finance Ministry Official Istvan Kollarik by Katalin Bossanyi; date and place not given]

[Text] The economic situation that results from the regulators set forth for next year could be fairly compared with the tightening of a pincer. We talk about the changes in the regulator system and about the effect of the corrections with Istvan Kollarik, head of the Economic and Budget Department of the Finance Ministry.

Under Double Pressure

[Question] In contrast with our earlier ideas, the regulators have changed during the last period every year. The business community accepts this new factor of hazard and insecurity, if not with pleasure, at least understanding its causes. Thus it is not the motives behind the new measures which might cause concern but rather the question as to what extent the 1984 changes will entail coercion and how much do they contribute to progress in the economic reform?

[Answer] The most difficult dilemma concerning the functions of the regulators and probably of the entire macroeconomic management is that they should simultaneously broaden entrepreneurial independence and open avenues to market influences, while keeping the domestic purchasing power within definite limits and strengthening our international financial standing. This duality leaves its mark on the regulation of next year's business avenues and frameworks. We should also add that in the present situation only such moves can be accepted which are in harmony with the trends of modernication of our macroeconomic management. However, the extent of our progress is circumscribed by the present economic situation.

If we take a realistic look at our problems, we realize that the capacity of adjustment of our enterprises to changes on the world market is still weak, that the output of our economy, above all that of our industry--but on account of the drought also that of our agriculture--did not meet the expectations. We have to face the fact that next year our marketing possibilities will not essentially improve in the capitalist countries

and that the chances of increasing our exports to the socialist countries are also slim. Because of the global problems of international finances, it is still difficult to obtain new credits. On the other hand, as a result of our difficulties during this year, our export receipts are running below the expectations. Since our amortization commitments will to some extent grow next year, the maintenance of our international solvency will demand exceptional efforts from our entire economy. Thus when interpreting the upcoming changes and corrections in the regulators, the tightening effect of the "pincer" is perceptible insofar as that we will not be able to make big steps ahead in the realm of our long-run aspirations, and that modernization cannot be extended to all elements of the regulator system.

[Question] The business community is understandably most sensitive the changes in income regulations. How do the present amendments affect the "regulations balance?"

[Answer] This is the area in which the mentioned duality is the most perceptible. Let us speak first about the more nasty aspect of the "balance." In order to restrain the growth of purchasing power, we unfortunately cannot avoid further measures designed to tighten the resources. This means that next year we will have even less investment capacity than this year. For, a definite portion of this year's GNP will have to be used for the amortization of our debts. One of the possible sources of our debt service is that portion of the GNP which would otherwise be eligible for accumulation and investment. Another source might be the sector of consumption. However, in order to protect our standards of living, it is more advisable to restrain the investments. This is the more so since we hope that next year's results of our economy will not be the products of new developments but rather basically the outcome of a better adjustment to the market, of the more efficient work of the enterprises and of a decrease in the sources of losses. With checking the investment purchasing power in mind, we have this year already curtailed the development funds by 7 to 9 percent. We will have to do so next year too, and might decree a 10 to 13 percent deduction.

On the other hand, we may and indeed we must think about of whether this is the only way to check the rhythm of growth of the investments? I would of course be glad if the differences in income and the savings of the enterprises would automatically regulate these processes, if the regrouping of capitals were not imposed "from above," and if the state were not compelled to withdraw the income from the successful units in the same ratio as from the less efficient ones. Yet in the present situation the conditions are, on account of various reasons, not yet ripe for such a change. Among other things because these thematics have not only regulatory, but also important interest, leadership and organizational aspects. But as we used to say, each wrong has a grain of right. The withdrawal of these surpluses will serve as a basis for the "intervention fund" which will be used for revamping certain enterprises and industrial branches stricken, not only as a result of marketing but also of structural factors, by exceptionally grave and prolonged economic crises.

Who Is Affected and How?

[Question] The social security contributions paid by most enterprises were in earlier years 30 percent, but now they have been increased by 10 percent. This increase is obligatory for all enterprises and cooperatives. Yet because of the discrepancy in their wage expenditures they are not equally affected. How would you categorize this measure?

[Answer] This decision might cause tensions in the enterprises with numerous employees and a big payroll. However, inasmuch as its general effect is concerned, I consider it forward pointing. We have been aware of the fact for a long time that the cost of labor is relatively cheap in our economic units, that wages still represent a small portion of the production costs, and that this enhances the well-known deficiencies of our manpower economy, i.e., featherbedding and unjustified demands for more manpower. Moreover it obstructs technological progress since it still seems more profitable to hire more personnel than to develop the technological standards. This conflict can be mitigated if we increase the cost of labor within the budget of the enterprises, thus making manpower more expensive for the economic units. All this may also compel them to introduce more rational and thrifty management and might mitigate the current tensions on the labor market. But the increase in social security contributions will have also another noteworthy effect. For, thus far the income of the social security administration did not cover the expenditures for old age pensions, sick benefits and family allowances. By this measure the deficit will decrease to a minimum and we will be moving toward an autofinancing social security system.

More Independent Management

[Question] From the latest income regulations which are those which unequivocally help independent and responsible entrepreneurial decision-making and more flexible and more market-conscious management?

[Answer] I may consider as such the changes in the amortization system, even if thus far we have made only the initial steps in this area. The simplifications that will be introduced in 1984 and the mere fact that the enterprises can themselves decide the ratio of their annual writing off, count as significant concessions. It would be, of course, very nice if we had not to deduct a certain amount centrally from the amortization. Yet in the present economic situation we cannot afford this. The new system of reserves to be introduced next year points also toward a more autonomous enterprise management. Thus henceforth the managers can alone decide whether or not they set apart something from the profits before taxes and also how they would use such reserves. The role of the system of obligatory savings, which was introduced in 1968, has changed in the process. Time and again the amount of obligatory annual reserves underwent changes, in some cases the reserves had to be blocked. In other words the savings were treated as fiscal rather than enterprise reserves, they counted as a sort of supplementary tax.

This, indeed understandably, prodded the enterprises into scheming. Many of them used their reserves, to a more than justified extent, for the amortization of their debts or for launching new developments. This has contributed, among other things, to the fact that during this year more investment purchasing power showed up on the market than expected Yet interventions and interim deductions during the year affected also those enterprises which abode by the rules.

[Question] What will henceforth happen if an enterprise does not make reserves and runs into deficit?

[Answer] The well-known financial sanctions enter into force. But I am not afraid that the enterprises will abuse their decisionmaking faculty by not making reserves. For one thing, because according to the new rules they can use their profit savings for a variety of purposes, for example for the settlement of financial difficulties during the year, or for replenishing their various funds. The reserves serve as a security device for management. It would be more telling to call them hazard funds, for this would better express the fact that the change is not only formal but substantial. The new possibilities of reserve making bring substantive changes into the working methods of the enterprises.

The Reform Continues

[Question] However, there will be no fundamental change next year in the regulation of wages, although the updating of this element of regulation remains the subject of the most lively debate among professionals and a prime concern of public expectations.

[Answer] The debate continues and the experts are working on some more stimulating methods. However, not only the dissenting opinions bar the possibility of more radical steps in next year's wage regulations, but also the fact that we have to protect the balance of our national economy and therefore have to restrain the outflow of not only our investment purchasing power but also that of the population. We are compelled to make a certain amount of recharging: within a given ratio of consumer price increases the growth of the nominal wages must be kept within limits It is of course debatable whether this is the best solution, since in this way the efficiency of the productivity stimuli is certainly decreasing. However, among the goals of our economic policy we have to grant first priority, also next year, to the keeping of our financial balance In view of the fact that we have to protect the masses of our society against decreasing standards of living that might hit them more than planned, this solution seems to be the safest. It is anyway a good development that the circle of enterprises which will participate in wage-regulating experiments will widen next year.

[Question] How advanced is the planning of regulations in connection with our long-term endeavors?

[Answer] Currently we are working on the economic materialization of the principal political trends which map the guidelines of progress. For a synchronization of the activities of various professional areas committees have been established. In this work, and above all in the possible changes that may thereby be achieved in our economy, I would like to emphasize the continuity, and although some very important changes will have to be operated in time, I would not fix dates for them on the calendar. What is essential is that the reform continues, probably with some more general consequences of democratization which point beyond the sphere of economy.

12312
CSO: 2500/94

POLITYKA COVERAGE OF ECONOMIC CONTROVERSIES SURVEYED

Bonn WIRTSCHAFT DES OSTBLOCKS in German No 40, 10 Nov 83 pp 1-3

[Text] Considerable Resistance to Economic Reform in Poland--Boycott of Worker Councils in the Enterprises

In Poland there is considerable opposition to the economic reform initiated by the Jaruzelski regime and supported by the Sejm [parliament] through laws; the idea behind the economic reform is, in a limited manner, to loosen the government plan dictatorship and to grant the workers a voice in the enterprises. The exponents of this opposition, which the Warsaw publication POLITYKA described as "counterreform efforts," are the officials in the central economic apparatus and in the management of the industrial enterprises, all the way down to the foremen. They are facing plant personnel forces who have been so discouraged by the ban on "Solidarity" that they cannot even pull themselves together enough to preserve the employee rights granted them already by law.

The work of the "antireformers" emerges most clearly in the general boycott of the "worker councils" in the industrial enterprises. Enterprise administrations and personnel here face each other as two "irreconcilable camps," whose controversial attitudes were described as follows by POLITYKA:

"The administrations (technocrats) start with the idea that the population (specifically: The workers) are unwilling or incapable of themselves taking over management of their own affairs. What is therefore needed here is the establishment which, like a stern father, takes the trouble and assumes the responsibility for the correct education of the population. So long as the population does not attain the necessary level, it must, without grumbling, do what the administration orders.

"The workers, again, base themselves on the conviction that the establishment was forced upon the population and that the population must liberate itself from it. All attempts at a new dialogue or an understanding are doomed to failure because it will either nip the powers that be in the bud or cleverly exploit them for its own purposes."

These quotations confirm the sheer insurmountable difficulties which are known from other publications and which the Jaruzelski regime finds itself facing in

its effort to regain the confidence of labor after the dissolution of "Solidarity." After the miserable failure of the experiment, which Gomulka launched during the first few years of his term of office as party boss with the institution of worker self-administrations, no Polish worker today can believe in, of all people, Jaruzelski's serious intention of actually turning the "worker councils" into a lasting and not just tactically-temporary part of Polish economic life. As one can see in the POLITYKA article, the worker finds himself facing a compact front of economic officials and technocrats whose reform opposition springs only from the effort to hold on to their personal positions and privileges. In the enterprises--the magazine states in describing the situation--the "laymen" from the "worker councils"--who often are lacking in basic economic and legal knowledge--face the seasoned "professionals" from the administration, often fighting for a lost cause.

"Socialist Economic Theories" Are a Waste of Time

In the Warsaw POLITYKA one could recently read sentences whose publication would have been unthinkable in the Soviet Union and which would have earned the author at least the reputation of a "heretic" and thus another publication ban. There, the chief feuilletonist of this magazine, Daniel Passent, a self-taught economist, in effect stated that the "socialist economic theories are in practice a waste of time and have long ago been rendered obsolete by everyday life." "I ask myself," Passent wrote, "to what extent the theory of socialist economics, such as I studied it at the university and later on superficially, can be of any use to our economists today. As far as their general education, their writing style, their universality, and their knowledge of culture and history are concerned, the fruits keep falling from the fruit tree that was Marx." Indeed, in Polish reality, things such as price hikes, inflation, or threatening unemployment reportedly have been mentioned either not at all or, if they were mentioned, then only hesistantly or shamefacedly. Here the important thing no longer is the style of economic-policy descriptions but rather the fact. "The postulate of steady prices in the socialist economy seemed to be so natural that nobody took the trouble of substantiating it in any greater detail. But what happens when we are talking about inflation. This basic category of economic life has been covered only marginally by the theoreticians of the socialist economy. And only a very free independent spirit could have predicted just a few years ago that inflation could become the problem of the Polish economy."

Apart from the Polish economic crisis, there are other "axioms" which reportedly proved to be untenable, such as, for example, the thesis to the effect that the "socialist countries" would become increasingly alike in their economic development: "How should Albania or Mongolia catch up with the GDR? Should the Germans wait or should the Mongolians establish a sec[illegible] in their country?" Said Passent in conclusion: "As a faithful but non[illegible]ing economist, I hope that our economic troubles will at least contribut[illegible] the development of socialist economic theory."

CEMA Has No Uniform Economic Strategy in Dealing with the West

The CEMA obviously does not yet agree on a common economic strategy in dealing with the West. This emerges from an article which the Warsaw [magazine] POLITYKA published in its most recent economic supplement under the title "Everybody for Himself or Everybody Together?"

The concept to the effect that each individual member of this Eastern economic community could decide itself about its economic policy in dealing with Western countries has so far prevailed in the CEMA, it is argued. This right has also been spelled out in the CEMA bylaws although it has, at least since the beginning of the 1980's, become rather doubtful in view of Western economic restrictions. "In view of the greater potential of the United States or the EC countries as a whole, the individual CEMA countries proved to be powerless against these restrictions. Can they be counteracted through a common foreign trade policy? This is a very difficult and controversial question."

Certain CEMA countries, according to POLITYKA, would claim their statutory rights to develop their economic relations with the West independently and in keeping with their own possibilities. Others again argued that the "lack of coordination" leads to a "flight of attractive goods" to the West which are very much in demand on the Eastern European markets themselves. On top of this there is the fact that CEMA countries on third markets would frequently become each other's competitors with their products, thus damaging themselves.

In this connection, a "joint" foreign economic policy is demanded in dealing with the West although there is no telling whether it would be possible, in the near future, to find a solution to this question which would satisfy everybody. POLITYKA admitted that there are differences of opinion on that score in the CEMA.

In practical economic activities however, each is intent on protecting his own advantage and friendship slogans are of little use here. Czechoslovakia supposedly has good reason for cutting its transit exports via Polish Baltic ports because it can see that the port facilities are outdated and that no money is available for modernization. And because the Polish railroads do not have the necessary infrastructure.

Sometimes, it is maintained, the members make the same mistake together. Poland, for example, bought the license for color TV picture tubes from the Americans while Czechoslovakia bought it from the Japanese. Negotiations are now going on as to how one could together close the "dollar gap." Sometimes the members also try to trick each other. To lay the Czechoslovak segment of the natural gas pipeline, Poland demanded payment in dollars for its construction machinery. But the Japanese got the business. They also deliver in return for foreign exchange--but cheaper.

5058
CSO: 2300/162

COOPERATION AMONG FACTORIES REDUCES PRODUCTION COSTS

Bucharest REVISTA ECONOMICA in Romanian No 43, 28 Oct 87 pp 6-7, 9

[Article by Dr P. Rotaru, CSP [State Planning Committee]: "Interplant Cooperation and the Level of Production Costs"; passages enclosed in slantlines printed in boldface]

[Text] The experience on a national and international level has demonstrated that expansion of the social division of labor, through specialization and the development of relations of cooperation in production, constitutes a permanent companion of industrial development along the line of achieving competitive products from a technical and economic viewpoint. "The enterprises, centrals and ministries," Comrade Nicolae Ceausescu stressed, "must concern themselves especially with the development of concentration, specialization and cooperation, which help significantly to increase labor productivity, to reduce costs, to raise the quality of production and to increase profitability. Special attention must be devoted to regulating these problems within machine building."

In the context of the objective necessity of the development of collaboration in production among enterprises, the present analysis, focused on the two machine-building ministries, the MICM [Ministry of the Machine Building Industry] and the MIMUEE [Ministry of the Machine Tool, Electrical Engineering and Electronics Industry], proposes to follow the evolution of interplant cooperation and to point out the ways to efficiently expand this process under the conditions of the improvement in the economic and financial mechanism.

Specialization-Cooperation: Implications, Effects, Efficiency

As a process, specialization is the result of the expansion of the social division of labor within the big branches of social production, such as agriculture, industry and so on. Within industry, for example, at the beginning of their development, the machine-building enterprises had a wide spectrum of concerns in the field of the manufacture and repair of machines and equipment.

In proportion to the development of the requirements of the customers, caused by the processes of the specialization of production within the other enterprises and branches of the national economy or even in machine building, the demands on the producers of motors and machine tools have also increased. For example, up to a few years ago, there were five enterprises operating in the

electric-motor industry (at Craiova, Resita, Bucharest, Timisoara and Sacele), but now, from the manufacturing profile of some of these enterprises, there have been taken certain groups of motors that are made in the three new units founded: the electric-motor enterprises in Filiasi, Sfintu Gheorghe and Pitesti.

Specialization as such (regardless of whether it is a question of specialization in components or in technological processes) cannot attain a maximum level from a viewpoint of efficiency without cooperation in production. This is why, at the level of the enterprise, central or branch of activity, the problem of cooperation in production cannot be judged exclusive of the aspects of economic efficiency (in which the production cost plays a decisive role).

Implying the optimum ratio between specialization, cooperation and integration, reflected in the cost of the element received for cooperation (composed of the price of the product plus the transportation and supply expenses up to the place of assembly) and that of the same element made in the receiving enterprise, the decision for cooperation or for integration is dictated by the requirements of the economization of the social labor needed for achieving the complex final product. At the same time, it is worth noting the fact that, analyzed in its evolution, the expansion of the specialization of the enterprises for complex final products, through the abandonment of integration to a greater and greater extent and through the expansion of cooperation, constitutes an interdependent, continually improving process. Thus, the growth and diversification of production in machine building, through the capacities of the new facilities and those provided by developing and modernizing the existing enterprises, also permitted changes of a qualitative nature in the process of specialization and cooperation in production.

Concretely, the cooperation implied by the achievement of complex final products (tractors, automobiles, motor vehicles for transportation and so on) necessitated--in the initial period of our industrial development--ties with enterprises located at much greater average distances than those at present. Today, through the premises provided by the founding of new units, especially in horizontal industry, the requirements of efficiency are fulfilled to a higher and higher degree, by reducing the expenses occasioned by the transportation and supplying of products and subassemblies through cooperation.

Bearing in mind that, in its essence, the process of interplant cooperation is characterized by similar parameters, but with different intensities, in the two machine-building ministries, in the following we will present the evolution of cooperation in the 1980-1983 period and the trends that are foreseen for this process in 1984-1985 in the Ministry of the Machine Building Industry and the Ministry of the Machine Tool, Electrical Engineering and Electronics Industry. Expressed as a percentage of the level of the total expenses and the material expenses per 1,000 lei of commodity output, cooperation has evolved and it is estimated that it will evolve in accordance with the data put in Table 1 [not reproduced].

In connection with the level and evolution of the percentage of cooperation, it should be noted that, in comparison with the achievements in the 1976-1980

5-year period, the indicated levels experienced a significant drop in 1981, along with the resetting of the production and delivery prices on economic principles, when the levels of profitability for the products and semiproducts from cooperation were reduced, with corresponding implications for the volume of cooperation. In addition, a trend of further expansion of the process of cooperation results from the comparison of the indicators characteristic of the two ministries.

We emphasize that the relatively low average level of cooperation in the MIUEE proves that the degree of integration of manufacturing is greater than that in the MICM, due also to the specific character of manufacturing, in which the major percentage goes to final products of relatively high complexity in big and very big series, which are achieved in a small number of enterprises or even in a single enterprise specializing in a product, such as radios, televisions, refrigerators, washing machines, low-voltage electrical apparatus, electric motors of 0.25 kilowatts and over and motors below 0.25 kilowatts, electric accumulators, freight and passenger elevators, power cables and electrical conductors, telephone and signal cables and assembly parts, which involve a smaller volume of cooperation (Table 2 [not reproduced]). In addition, the trend of continual growth in the volume of cooperation is caused by the process of the general development of electrical engineering and electronics in the current stage in our country, which is reflected in the matter of taking from the existing enterprises products or groups of products that form the specialty of the new enterprises.

The extension of the analysis of the evolution of the process of cooperation at the level of the centrals permits more rational judgments in connection with horizontal and vertical specialization, which involves much cooperation up the line. Thus, it can be stated that the centrals which achieve complex final products and which have a relatively low degree of integration of manufacturing--regardless of the ministry to which they belong--have big percentages of products and semiproducts from cooperation in their total and material expenses per 1,000 lei of commodity output, exceeding by far the average of these indicators in the ministry. Among these centrals we note, in the MICM, the Industrial Central for Motor Vehicles for Transportation (with the percentage of cooperation being [illegible]1.3 percent of the total costs and 62.7 percent of the material costs, respectively), the Industrial Central for Tractors (42.1 percent and [illegible]3.9 percent, respectively), the Arad Industrial Group for the Production of Railroad Cars (41.4 percent and 49.7 percent, respectively) and so on and, in the MIUEE, the Craiova Industrial Central for Electrical Machines and Apparatus ([illegible]7.6 percent and 47.1 percent, respectively), the Industrial Central for Electronics and Computer Technology (34.9 percent and [illegible] percent) and the Industrial Central for Machine Tools (31.7 percent and 47.1 percent).

At the same time, we note that for both ministries the growth in the percentage of semiproducts and products from cooperation is explicable due to the general trend of reduction of the total and material costs from year to year, under the conditions in which the physical volume of cooperation stays relatively constant or rises moderately.

The More Substantial Reduction of Production Expenses

The improvement in the economic and financial mechanism in industry, which, in the current stage, implies the fulfillment of the physical output, the net output, the commodity output sold and paid for, and the export tasks, puts a special accent on the achievement of efficient cooperation, in which the economic limit in the provision of parts and subassemblies at constant construction and functional parameters consists of the obtaining of savings in the production costs (especially the material ones), by buying them from outside (when the delivery prices of the supplier of components or subassemblies plus the related transportation expenses is below the level of the internal production costs for making the same components).

On the basis of the positive results gotten thus far and in order to achieve more and more efficient cooperation, there must be, in the current stage and in the following years, an increase in the concern of the responsible factors--enterprises, centrals and ministries--for organizing and achieving such a division of labor that would permit the provision of products, subassemblies or technological operations through cooperation at a lower level of costs than that with which they may be provided by integrating the manufacturing at the recipient. In this, on the one hand, the minimization of the transportation and supply expenses for the products and subassemblies provided through cooperation and, on the other hand, the reduction of their prices as an effect of reducing the social labor expenditures at the supplier of products and subassemblies, through its greater specialization, accompanied by expansion of the manufacturing series, are of particular importance.

The improvement of the relations of cooperation in the future, in the context of the improvements made in the economic and financial mechanism in the second part of 1983, is based on the fact that /the awarding and releasing of the pay fund in industry now involve not just the net output but a group of indicators whose fulfillment also contributes directly to the normal performance of the activities of cooperation, on the condition that they are stipulated in the plan/.

Besides this, the problems of /the assimilation of materials, subassemblies and products into manufacture/, also including AMC [measurement and control apparatus], which were formerly imported and which enter into the composition of the subassemblies that are furnished through cooperation, constitute a principal link in the achievement of prompt, efficient and first-rate cooperation. The scientific research and technological engineering institutes and centers in machine building and in the industrial branches up the line from it (metallurgy, chemistry and so on) are involved in solving this kind of problem. The achievement of suitable cooperation among the different industrial enterprises, and especially among the machine-building enterprises, depends on the way in which these problems connected with the assimilation of the materials and products in question into domestic manufacture will be solved.

The experience up to now has shown that in order to naturally carry out the process of interplant cooperation there must be sustained efforts by all the factors involved--suppliers and recipients of semiproducts and component

products furnished through cooperation--on all organizational levels of management of industry--enterprise, central and ministry.

Considering the types of specialization of the machine-building industrial enterprises (/1. An enterprise specializing strictly in the execution of semiproducts/, which has only the capacity of a supplier of products in cooperation; /2. An enterprise specializing in the execution of a single product or a group of complex final products/, which is only a recipient of components or semiproducts in cooperation, without having obligations as a supplier in cooperation to other units; /3. An integrated enterprise producing complex final products/, which also executes certain technological operations, components or subassemblies for other enterprises producing complex final products), we can observe the places in which cooperation takes on an organic character, consisting of stable relations regarding the exchange of activities in which the technical competence of the recipient is also involved. Thus, in essence, the enterprises in the second and third groups, as recipients of the products or services of the first group of enterprises, will not encounter difficulties in the process of cooperation since complete coverage of the demands of the recipient of cooperation corresponds to fulfillment of the physical-output plan of the supplier.

The problems arise quite differently in the case of the enterprises in the third group, coordinators of final products, which also have obligations to execute technological operations or components in cooperation. At them there are cases when the enterprise gives priority to its own complex final product, neglecting the obligations to its recipients of cooperation, which can even be enterprises in the third group, or executing with priority the most advantageous cooperation and neglecting the least advantageous cooperation, which causes hitches in properly carrying out cooperation with the partner enterprises.

Elements of Improvement in the Mechanism

Besides these problems connected with the expansion of interplant cooperation, we consider it necessary to also present the following aspects:

Especially for the enterprises in the third group, /interoperational cooperation/ (toothing, treatment, balancing and so on) constitutes a big bottleneck in fulfilling the production plan. For the organization of the execution of such operations, left in the jurisdiction of the industrial enterprises and centrals, there must be special efforts by the recipient, which often achieves them with big delays. In this there must be /the decisive intervention of the ministries, which can even put in a supplement to the plan the main technological operations in which there are bottlenecks for certain final products, with a corresponding effect on the processing capacities at the suppliers of such cooperation/;

Starting from the experience up to now, when the specifications of cooperation and the supply requirements must be finalized by 30 June and the contracting for equipment by 30 September, /the provision of a suitable correlation of the different phases of the annual production and cooperation plan is necessarily

called for, in order to fulfill the plan for the complex final products that involve such cooperation/;

Considering the high percentage of products and semiproducts from cooperation in the material costs in machine building, it is /necessary for the specialized ministries and centrals to intensify their efforts along the line of mobilizing all the enterprises to achieve the products and subassemblies that they furnish in cooperation at as low costs as possible and to reduce the delivery prices in as short intervals as possible in conformity with the new costs, in accordance with the provisions of Article 9, combined with Article 17, Paragraph e, of Law No 19/1971, republished in 1977/.*

Certainly, under the conditions in which costs at the same level as or lower than the ones that would be achieved at the receiving enterprise are achieved at the enterprises supplying subassemblies and products in cooperation, the level of the material expenses and, implicitly, of the net output in the ministry as a whole does not change, but the profit corresponding to the volume of cooperation is achieved at the supplier and not at the recipient. This is why the Ministry of the Machine Building Industry, the Ministry of the Machine Tool, Electrical Engineering and Electronics Industry and their industrial centrals must significantly increase the efforts to reduce the total and material expenses per 1,000 lei of commodity output at the enterprises that produce and furnish subassemblies in cooperation, along with planning a correspondingly smaller effort to reduce the costs at the enterprises benefiting from cooperation--of course, all these things under the conditions in which the levels of the delivery prices of the products and semiproducts from cooperation are not revised in accordance with the lower levels of the production costs achieved at the supplying enterprise;

/The concluding of the cooperation contracts should occur only under the conditions in which the semiproducts or assemblies that will be achieved outside the enterprise will be at least at the qualitative and cost level that the unit benefiting from cooperation can achieve/. According to the principles of the division of social labor, logically, the achievement of semiproducts or subassemblies in cooperation is materialized in expansion of the manufacturing series both at the supplier and at the recipient of cooperation, with favorable influences on all the plan indicators.

---

* Law No 19/1971 on the Price and Rate System was republished in BULETINUL OFICIAL AL REPUBLICII SOCIALISTE ROMANIA, Pt I, Yr XIII, No 2, 12 January 1977.

12195
CSO: 2700/91

NEED FOR IMPROVED TECHNOLOGIES IN ANIMAL RAISING

Bucharest REVISTA ECONOMICA in Romanian No 43, 28 Oct 83 pp 8-9

[Article by Dr Gh. N. Iosif: "The Implications of Improving the Production Technologies in Animal Husbandry"; passages enclosed in slantlines printed in boldface]

[Text] The constant promotion of the traditional systems of raising animals in the pasture, along with the intensive and semi-intensive technological systems, provides for the successful application of the territorial self-supply program.

Roughage represents a priority category of fodder that, in the near future, can provide big quantities of nutritive units. The better utilization of biomass, a secondary resource resulting from vegetable agricultural production, will be achieved by applying in the production units the modern technologies of processing and preserving roughage with the help of nonprotein nitrogenous substances: the siloing of roughage combined with water, calcium dioxide and urea; the dry treatment of straw with sodium hydroxide and anhydrous ammonia; the siloing of straw combined with green mass and industrial draff; the processing of roughage with molasses, urea and a protein-vitamin-mineral supplement. In this way, an increase in the degree of preservability and conversion of the roughage is obtained.

The provision of efficient feeding presupposes the existence of a diversified range of fodder in the required quantities and qualities. High yields per hectare in the fodder crops are conditioned by, among other things, the quality of the respective land (which can be improved by specific work), the improvement of the crop structure, /the organization of the production of seed/ for fodder plants, the expansion of irrigation and chemicalization and the introduction and generalization of better technologies of fodder harvesting, preservation, preparation and administration.

The organization of the production of seed for fodder plants has as main objectives the provision and rational allocation of the areas for the seed plots (so that each unit may provide the entire amount of seed that it needs), the raising of the seed production in the irrigated areas, the multiplication and generalization of the high-yield varieties, along with the intensification of the research for the improvement and creation of new varieties of fodder plants with a higher production potential.

The achievement of efficient zootechnical production presupposes the production and preservation of better assortments of fodder needed in the stabling period (for sheep and cattle). These actions refer to the provision of as big quantities as possible of vitamined hay for the young animals and, in general, of first-rate hay for all the livestock, semisilage obtained in the May-July period from the crops for green mass, mixed with roughage (chopped corncobs, stalks and straw), and silo fodder from corn meant for this purpose.

The arrangement of the pasture represents a complex of activities meant to permit rational exploitation of the fodder plants according to units of exploitation, taking into account the fact that a group of animals should contain 100-200 head. The pasturing must be done according to a well-established program, varying in relation to the zone, the temperature and water regime, and the possibilities of meeting the need for green mass. It is proper to begin the pasturing when the grass reaches 10-15 cm.

The achievement of continuous feeding presupposes /the production and preservation of fodder/. The zootechnical units must have fodder resources placed in their immediate vicinity. The fodder harvested for the winter season--in the form of hay, semisilage and corncob silage (with a moistness of 35-4[illegible] percent)--should be preserved in such a way that it does not drop in quality.

Roughage is also just as important. It has a limited degree of consumability, due to the high percentage of cellulose and the low content of nitrogenous substances, vitamins and enzymes. Its food value is conditioned by the way in which the leaves were preserved on harvesting and by the conditions of preservation and storage. The preparation of this fodder, in order to raise its indices of consumability and digestibility and its food value, is achieved through chopping to 2-[illegible] cm, brining, treatment with molasses (5-10 kg of molasses in [illegible] liters of water for 100 kg of chopped roughage), mixing with draff, and leavening and fermentation with a dash of molasses or of concentrates and yeast ferment.

Begun back more than 15 years ago, /the use of moist corn/ in the feeding of hogs has now taken root in France. The advantages of using grains of moist corn consisted of savings of energy, possibilities of harvesting in a longer period, good acceptability and high food value of the siloed corn. However, more recent research shows that silage containing not only grains but also part of the plant is accepted with good results by hogs.

Of all the branches of animal husbandry in the United States, the most efficient is the raising of poultry--in particular, broilers; [illegible] kcal of energy are consumed for 1 kg of protein. In the next place, in decreasing order, is milk production. As regards meat production, the energy consumptions are higher; [illegible] kcal are consumed to obtain 1 kg of beef, 171 kcal are consumed for pork, and [illegible] kcal for mutton.

The studies made in a number of West-European countries recommend that the development of pasturing be based on the use of big doses of nitrogenous fertilizer ([illegible] kg per hectare) and the introduction of mixtures of clover with perennial grasses, which permit the steadiness of harvesting and the obtaining of

good-quality fodder. The fodder so obtained can replace concentrated fodder to a considerable degree.

In the winter periods, a fodder often used in the diet of ruminants, in particular, is corn silage. The grains of corn represent only 35-40 percent of the total dry matter of the plant. The fiber content of the grain that can be utilized in feeding (2-3 percent raw cellulose) is lower than the optimum content of a diet for hogs for fattening or for pregnant sows. It is thus advisable to utilize simultaneously the grains and part of the plant. This technique can be used in marginal production areas or in years with unfavorable meteorological conditions. It is also important to solve problems referring to: the establishment of the food value (energy, proteins) of the various products that can be obtained; the proportions in which they can be used and their consequences for the results obtained in animal husbandry and for the quality of the meat; the way in which this fodder must be supplemented in order to obtain a maximum productive and economic effect. Nevertheless, there are certain limits to the use of corn silage, dictated, on the one hand, by the maximum tolerances of cellulose in the diet and, on the other hand, by the maximum capacities to ingest dry matter. In piglets below 25 kg in weight, for example, the optimum proportion of cellulose is below 4 percent. Consequently, only siloed grains can be used. After this age category, the optimum proportion rises to 6-8 percent at a weight of 100 kg, it being able to reach about 15 percent in the case of pregnant sows. The negative influence of cellulose on digestibility is less important in the adult animal. The capacity to ingest also rises with age.

In the production process in zootechny, the machines, equipment and installations--the technical facilities in general--affect the organisms of the animals, which necessitates that their use take into account the biological characteristics of the animals subjected to the mechanized work process. For instance, in comparison with heifers that are in the first milking, the cows already in lactation adapt with great difficulty to the use of the milking machine if they were previously milked by hand.

The average yield per animal represents an indicator of the intensiveness of production, affecting the economic efficiency, and its variation entails changes in the degree of profitability of the use of machines, especially as they are specific to certain species or zootechnical branches and are not general-purpose machines.

The introduction of automatic watering troughs with a constant level can help to provide the required amount of water, with implications for high outputs. No matter how well it may be organized, watering with other systems cannot provide to milk cows, for example, as much water as they want.

The introduction and generalization of the mechanization and automation of the production processes in zootechny release manpower than can be utilized much more efficiently in other sectors of agricultural production. Growth in labor productivity is achieved both by raising the outputs obtained and by reducing the volume of manpower consumed (it being possible to raise the tending quota per worker). It is extremely important to establish what the optimum number of animals per attendant is for all species and categories of animals under the

conditions of the technical equipping in our zootechnical units--this especially as both overestimation and underestimation have negative effects on the production activity in the zootechnical units. Moreover, the very /structure/ of the worker /personnel/ must be determined in accordance with the criteria of economic efficiency. In practice, it often does not correspond to the real needs, causing the work force to not be utilized efficiently--especially due to the injudicious correlation between the directly productive worker personnel, on whom the volume and quality of production directly depend, and the personnel with auxiliary work. By raising the tending quota per worker, the worktime needed for tending an animal in the course of a year decreases.

In some cases, mechanization helps directly to raise animal production. Thus, in the mechanical shearing of sheep, besides the fact that a longer wool fiber is achieved, more uniform shearing is done and the wool production is higher.

As a result of the technical equipping, the agricultural enterprises have made remarkable progress in the field of mechanizing the work in zootechny. The transition to complex mechanization of the production processes has become one of the most topical problems in the raising of the technical level in animal husbandry and the growth of production. The greater number of machines, equipment and installations introduced or to be introduced raises the problem of selecting the most suitable types for the concrete conditions in which the respective unit performs its activity. Thus, /the installations for milking/ make a special contribution to raising the economic efficiency of the production technologies on cow farms. They affect to a high degree the structure of the worktime of the attendant and, of course, the level of labor productivity.

According to our studies, the activities connected with the way of doing the milking represent up to 61 percent of the total worktime of the attendant. If we refer, for example, to the free system of keeping animals, milking on a pipeline is more practical, is better for providing the milk-hygiene conditions and has higher economic efficiency than other systems of milking.

The preparation of the cows for milking also has a special role: the preparation and checking of the installations and apparatus for milking, the washing of the udder with warm water, the drying of the udder, the massage and the milking proper. To all these things is added the continual supervision of the milking and, in particular, of the strength of the vacuum and the number of pulsations per minute. The achievement of installation-operating parameters below those considered optimum leads to the performance of irrational milking, with implications for the milk production and the state of health of the animals.

Although some positive results have been obtained in the technologies of raising milk cows, there still are deficiencies regarding the improvement of domestic breeds, reproduction and the prevention and combating of sterility, morbidity and mortality. Some deficiencies have also arisen in the orientation of investments. The research in this field has not taken into account uniform technologies to a sufficient degree, which would provide economic efficiency by reducing the material expenses and the specific consumption of raw materials, energy and manpower. It is necessary to achieve an improvement in the breeds of

cows for milk and in the technologies of raising them in order to obtain high outputs, improve the milk quality and the output in the industrial processing and reduce the consumption of feed per hectoliter.

Considering that the general level of development of animal husbandry and of each particular species of animal differs from one production area to another, each enterprise must establish its own animal-raising system, which should fit organically into the production systems of the respective area. The better the animal-raising system adopted corresponds to the concrete local conditions, the more completely it will be possible to fulfill the task of mobilizing and utilizing all the reserves for increasing the animal populations and raising their production.

The hog-breeding system is also determined by the production system of the farm. The extensive system of raising and fattening in the pasture is economical when it is used at summer sites specially arranged on the areas planted with green fodder, with concentrated fodder being added to the diet.

The optimization of the pork production in industrial complexes requires the tackling of the technological processes in the various phases of the flow of production, reproduction, raising and fattening. This permits the establishment of the connections within the system and of the influence of each technological process on its functionality.

Despite the significant progress achieved in our country in the field of animal husbandry and exploitation, it is necessary to further devote greater attention to technical progress, which has immediate effects especially in the field of reproduction. For increasing the productive life of the cows, the research in zootechny must be more firmly oriented toward the biology of reproduction, the prevention and combating of sterility, the improvement of the technique of artificial insemination, the improvement of the birth-rate indices, the growth of prolificity and the intensification of the use of animals with the highest genetic potential in reproduction. At the same time, it is necessary to diversify the assortment of products for veterinary and zootechnical use, improve their quality from the viewpoint of biological and economic efficiency, establish new methods of prophylaxis, diagnosis and treatment of diseases, and apply new biological, biochemical and genetic procedures. A birth rate of about 7[illegible] calves per 100 cows and heifers--achieved in the sector of state agriculture in 198[illegible]--is far from being satisfactory, if we consider the conditions created and, in particular, the fact that this indicator has recently had a descending evolution. In the future, the efforts must be oriented in the direction of increasing the production potential of the breeds of cows and creating new lines and hybrids with higher performances, adapted to the ecological conditions and the forms of exploitation.

[illegible]
CSO: [illegible]

PROPOSALS FOR IMPROVING EXPORT ACTIVITY

Bucharest REVISTA ECONOMICA in Romanian No 43, 28 Oct 83 pp 10-11

[Article by George Paunescu, director in the Ministry of Foreign Trade and International Economic Cooperation: "A Wide Framework for Initiative and Competence in Improving the Activity of Exportation"]

[Text] The improvement in the economic mechanism, seen as a continual process of adapting the economic structures to the realities and requirements of economic life, has been materialized, beginning with 1978, in a series of regulatory acts that develop a system of qualitatively new economic relations for the different sectors of activity.

For the field of foreign trade and international economic cooperation, the improvement made in the mechanism through the adoption and application of the Law for the Strengthening of Worker Self-management and Economic, Financial and Valuta Self-Administration is continued through the transition to the implementation of the Program Regarding the Firm Application of Self-Administration and Worker Self-management, the Improvement of the Economic and Financial Mechanism and of the Labor-Remuneration System, and the Growth of Pay in This 5-Year Period.

In the spirit of this program, the state council's decrees on /the stimulation of the enterprises and the working people to fulfill and overfulfill the production for exportation/ [in boldface] (No 348/1983) and /the remuneration of the worker personnel in the foreign trade enterprises and the departments authorized to perform foreign trade operations and in the Romanian units of the foreign marketing and service network/ [in boldface] (No 349/1983), going into effect on 1 September and 1 October of this year, respectively, develop the economic and legal framework through which the working people, as owners, producers and beneficiaries, are directly involved in achieving the export production with as low costs as possible, in obtaining products with better technical and functional parameters, competitive on a world level, which may be utilized under conditions of maximum efficiency, and in obtaining greater profits on this basis.

As regards the specialized foreign trade enterprises, to which we will refer below, Decree No 349/1983 brings a few essential reorientations for adapting them with flexibility and responsible involvement in performing the tasks of

the current stage. It is a question, above all, of promoting a flexible conception of the allocation of material and manpower efforts in fulfilling the export plan.

According to Law No 12/1980, the income and expense budget of the specialized foreign trade enterprise includes, by chapters:

The "Incomes" chapter: All receipts from exportation, the payment from domestic customers for imported goods, the activity of international economic cooperation and of provision of international services, commercial operations with a valuta contribution, commissions, loans and interest, and the other activities performed;

The "Expenses" chapter: All payments for imports, the payment to producing units for exported goods, the performance of the actions of international economic cooperation and of the provision of international services, the performance of commercial operations with a valuta contribution, the repayment of loans and the payment of interest, the taking of trips abroad, and the other expenses for carrying out the entire activity.

The incomes/expenses balance of the budget of the foreign marketing, technical-assistance and service network is added to these chapters.

What the new decree stresses is the direct dependence of the "worker-personnel remuneration" position on the degree of fulfillment of the plan for the other positions of the income and expense budget--that is, on the degree of achievement of the volume of activity planned for the foreign trade enterprise (ICE).

On the plane of the concrete foreign trade activity, this interconditioning is reflected in the equal concern of the whole staff of working people, regardless of department, for fulfilling the plan for exportation, importation, cooperation, valuta contribution and so on and in the synergy of the effort in resolving the major tasks of the enterprise at each moment, in each stage of the flow of operations: marketing, prospecting, contracting and execution. Of course, such a mobilization of forces in resolving the current tasks presupposes the existence of good specialists in the specialized foreign trade enterprises, with complete knowledge with regard to carrying out international economic relations (marketing, forecasting, economic situation, commercial techniques, commercial policies, technique of execution, and direct knowledge of export markets).

Another direction in which the greater flexibility of the new trade mechanism manifests itself is the activity profile of the enterprises. The fact that all foreign trade enterprises now have the possibility of carrying out operations of importation and exportation of goods and services, in practically any field of the economy, generates a competition of the enterprising spirit, of initiative and of solicitude for the foreign partners. In order to respond to the demand, the foreign trade worker can procure the merchandise both from domestic producers and as a middleman in a reexportation operation or another form of operation with a valuta contribution.

The ICE's are urged explicitly to also promote for exportation other products than those in their activity profile and to diversify the range of international trade services performed, the forms of industrial and commercial cooperation, and cooperation in the tertiary sector, so as to utilize the national economic potential to the utmost (the production capacities, the highly skilled labor, the scientific and technical creativity, the touristic potential and so on).

The new international division of labor, in the process of being formed between the suppliers of services (exchange, finance and banking, loans, transportation, insurance, engineering, release of licenses, design and industrial models, technical and economic consulting, education, culture and tourism), usually in developed countries, and the importers of services (technologies, technical assistance, personnel training, loan requests and other financial, banking and commercial services and so on), especially in the developing countries, indicates the necessity for the latter to consolidate their structures in the tertiary sector as rapidly as possible, to thus eliminate the dependence on services in the developed countries, for promoting a fairer economic order in invisible trade as well.

Of course, the training of the staffs of specialists and, in particular, of the specialists in different types of foreign trade activities (exchange operations, valuta arbitration, arbitration of merchandise, technology transfer and intellectual property rights, international payments, foreign loans, international transportation, international insurance, specialists in marketing analysis and forecasting, in international publicity, in promotion, public relations and launchings of products and brands on the international market, in international tourism and international passenger transportation and so on) constitutes the key problem in getting this matter off the ground. Each of these activities is now found on the international markets represented by true thriving industries (industries with minimal consumptions of raw materials and energy), prospering especially at the expense of those lacking the infrastructures needed for these services. The tertiary sector's contribution to the equilibrium of the balance of payments for countries like England, France, the United States, Austria, Italy and so on is indicative in this regard. Sandwiched between the merchandise's producer and the final customer in the country of destination, the providers of international trade services usually manage to get more than the producer-exporter gets for its merchandise (transportation, insurance, bank fees, interest, commissions and commercial discount). And so the possibilities of expanding and diversifying the specialized foreign trade activity are extremely wide for enterprises that have staffs of specialists with high training and vast experience and commercial and service networks.

In practice, apart from the business conditions of the moment, the carrying out of international economic relations in the broad sense of the concept, as an integrated activity of exchange of goods and services, is impeded only by the training of the personnel, irresponsibility or poor organization, as the secretary general of the party, Comrade Nicolae Ceausescu, recently pointed out. What the above-mentioned decree proposes is to mobilize the energies and to develop as wide an economic and legal framework as possible for initiative, stipulating that, in proportion to the volume of activity performed, the incomes

increase without limit, just as they can fall, in the case of not reaching the stipulated targets, without ensuring a guaranteed minimum income. At the same time, the collective leadership body of the enterprise has the latitude to apply a differentiated system of pay for nominal persons, in accordance with the quality and quantity of the work done, within the limits of plus 20 percent to minus [illegible] percent of the level of the pay calculated on the basis of quotas. The attention devoted to the stimulation of invisible trade, of the provision of services complementary to international trade, by the new regulations is expressed in the establishment of higher, stimulative quotas per 1,000 valuta units in net contribution for the operations without substance.

Through the application of the new labor-remuneration system, a more realistic distribution of the manpower in the enterprises is also achieved, with priority for the groups of viable products for exportation, with a strong influence also being exercised on the production for exportation, in the sense of the more rigorous selection of the export supply. According to the law, the foreign trade enterprises and departments are obligated to exercise continual control in the producing units with regard to putting the export goods into production and executing them on schedule and with good quality and to take, together with the producing units, steps to fulfill the export contracts. The producing enterprises and, respectively, the foreign trade enterprises that do not fulfill their obligations assumed through contracts, thereby causing the failure to fulfill the export tasks, pay penalties and damages to the other party under the conditions set by law.

At the same time, the new regulation gives the foreign trade enterprise the possibility of carrying out its strategy of action on the foreign market by concluding for a future period contracts for which it gets advances.

The firm promotion of self-management and self-administration in foreign trade activity, the expansion of the organizational framework of worker democracy, and the direct participation of the masses in running the economy are factors for achieving a new quality and high efficiency in this sector, premises for fulfilling the tasks of special economic importance with regard to securing a surplus in the balance of trade and a contribution to rectifying the balance of payments.

Conclusions and Proposals

The improvement of higher education in foreign trade by emphasizing the training in marketing, international financial and valuta relations, data processing, technological forecasting, and techniques of promoting exportation.

The following, by means of an improved information system, of the international bidding on machines, equipment and complex facilities, in order to promptly prepare well-substantiated bids; the transition to the preparation of standardized bids, easily adaptable to different international standards.

The promotion of consulting-engineering activity as an outpost for the exportation of machines, equipment, installations and construction abroad.

The expansion of industrial and commercial cooperation and that in the field of services, as a way to improve the representation of Romanian exporters on the foreign markets.

The development of industrial coproduction in order to meet the needs of the enterprises for some raw materials, supplies, subassemblies and technologies and to increase exports.

The speeding up of the process of patenting the inventions registered and the utilization of the patents of unapplied inventions as exportation of intelligence before they go into the public domain.

The matter of utilizing for exportation the industrial models and forms and the industrial design drafts not used by the domestic producers, through display and sales studios.

The creation of branches of the Romanian houses of fashion abroad, for displaying and selling exclusive and small-series models (garments, footwear, furs, leather goods and interior decorations).

The creation of the infrastructures for expanding the operations of valuta and merchandise arbitration, international payments and loans, with a view to the effective functioning of the mechanisms of the export-import balances.

The better utilization of the optimum business times in the marketing of agricultural products, substantiating the export programs with the help of analysis and forecasting models transposed for data processing.

The wide-scale use of business and marketing research in building the econometric models for substantiating the foreign trade plan.

The substantiation of the export programs in industrial centrals and enterprises on the basis of the real demand identified on the foreign markets, by means of systematic work of marketing research (documentation, prospecting, processing, diagnosis and forecasting).

The creation of specialized enterprises for the promotion of cooperation in the field of international tourism and specialized enterprises for recreation in international tourism (for excursions with private means of transportation, sailing and sports clubs, hunting clubs and so on).

The expansion of the role of the Chamber of Commerce and Industry in performing the activity of promoting exports, through consulting and assistance services offered to the exporters, systematic information on groups of goods and markets, the quantitative and qualitative growth of the publicity activity for Romanian exports, and so on.

The promotion of leasing, as a way to finance the exportation of machines and equipment, developing the structures needed for performing such operations.

The helping of small-scale industry, with great flexibility in the supply, to develop the base for exports.

The promotion of complex exports by making the status of a subsupplier for exportation more like that of a direct exporter.

The systematic studying of the development programs prepared in various countries, participation in preparing and implementing these programs as a consultant and a potential partner for cooperation in achieving the industrial facilities, the infrastructures and so on.

12108
CSO: 2700/11

BETTER USE OF RESOURCES FOR DEVELOPMENT OF PETROCHEMICAL INDUSTRY

Bucharest ROMANIA LIBERA in Romanian 9 Nov 83 pp 1, 5

[Article by Stefan Zidarita: "The Better Use of Certain Resources Necessary for the Development of the Petrochemical Industry"]

[Text] Perhaps you did not know: one of the basic raw materials of the petrochemical industry is gasolene. Where does it come from? From gas wells. From the the oil-drilling regions. This is the reason why everywhere throughout the world great efforts are made to extract the largest possible amounts of gasolene and ethane from gases. This is also called "the better use of well gases." Their burning in industry or in stoves, in our homes, is not at all profitable. We do it within reasonable limits. Because from these gases we can obtain infinitely greater profits that favor society. This is also the source of the call for general moderation in its consumption. These gases mean the petrochemical industr and the petrochemical industry - an industry which represents us - contributes considerably to the budget and has a very great need for raw materials from our own resources.

And now, the bottom line of the problem. During one of comrade Nicolae Ceausescu's working visits, to the gas processing complex at Turburea, in Gorj County, there was an outlining of the great and especially advantageous opportunities for the better use of this product. The result: a program was completed for the entire five year plan.

First of all it is necessary to rapidly and substantially increase the production of gases. Extraction of gases. To have increases far beyond the planned limits for each of the years in the current five year plan. The oil workers have adjusted to the pressing requirements. The achievements this year in the extraction of gases convince us of this. It will be 2.88 billion cubic meters of gas more than the initial goals of the annual plan. For the entire five year plan, the additional amount will total no less than 12 billion cubic meters. It is convincing.

Engineer Nicolae Ionescu, a deputy director in the Directorate for the Coordination for the Production of Crude Oil and Gases in the Ministry of Petroleum, commented: "It has been and will continue to be necessary to put forth tenacious efforts. The directions for actions are clear. We are talking about an intensification of the drilling activities in new regions for the purpose of increasing the reserves of recoverable gases; about increasing the amount of exploratory drillings in order

to prepare new structures that had been discovered in the past so as to bring them into exploitation; and about a completion of investments for technological installations used in the collection, separation and pumping of gases into the national system from these new structures. Additionally, an important amount of investments for the improvement of the system to transport gases from their source to the consumers in the economy and, certainly, the implementation of a complex program of geological and technological measures for the existing wells, and for the noticeable increase in the production of gases extracted from those structures that are being exploited. That is why merely the simple announcement of these measures gives dimensions to the impressive efforts being made by the oil workers."

The anticipated effect, yes, even the specific result? In 1983, we will have the largest production of gasolene in recent five year plans. Compared to 1980, this production in 1983 will be 30,000 tons greater, while in 1985 it will be 60,000 tons greater. And, for a year later it will hit the record amount of 100,000 tons.

With regards to the production of ethane, the future and even the achievements to date are equally optimistic. This year we will have the largest production of ethane in the history of the country. Compared to 1980, it will be 75,000 tons greater. And, in 1985, it will be 180,000 tons more.

You do not absolutely have to be a specialist to understand the meaning of these figures. In order for you to increase in just a few years from 52 percent to over 90 percent in the level of processing gases in the de-ethanization process. This requires not only a sustained effort in investments, but also a very orderly mechanism for organizing design activities. Furthermore, at the complexes in Turburea and Pitesti there have also been technological improvements in the existing installations in order to exceed the planned parameters. Great efforts are being made to create other facilities so that by the end of the current five year plan we will be able to fully process the entire quantity of gases containing ethane. Of special importance: for the first time, on the basis of a program between the interested ministries, we are putting together in-country both the economic and technical documentation and the necessary equipment for the new facilities. There is an estimated savings in hard currency of over 23 million dollars.

For example, in the documents of the appropriate ministry there is also a piece of information with a nuanced conclusion that is of interest to all of us, but especially to the petroleum workers: in the current five year plan that is to be concluded soon, the action to process the full amount of gases in modern or modernized installations.

In other words, from the first year of the next five year plan the Romanian petrochemical industry will receive quantities of gasolene and ethane that are much greater than the initial plans of the five year plan through which we have passed. This will also serve the future of our petrochemical industry. A clear and fully possible future.

Staying in this field, let us see what is on the agenda of the specialists in the responsible ministry and in the other ministries along the lines of technical and technological progress. The same interlocutor tells us: "In our current concerns there is priority for the introduction of certain technological processes, many completely automated, which will permit us to fulfill the program for the better use of gases, a program which we feel is absolutely obligatory. Among other things, this means the elaboration of research and technological engineering for the use of cryogenic processes in all types of processes, just to give an example."

I left until the end the information of the greatest interest. This will fully clear things up for us. In industry and at home. Perhaps now you ask: "What will this gasolene and ethane extracted from the gas wells be used for?" The specialists will answer you: for synthetic rubber, plastics, synthetic fibers, high octane gasoline, maximum octane gasoline, automobile parts, detergents, in preparing the mixture for bottled gas, for... 101 other products and sub-products. The petrochemical industry is, perhaps, more diversified than any other industrial branch. This is also the source of the great interest in it. This is also the source of the request, as you know, that when you light the fire in the furnace at the factory or stove at home to be as conservative as possible. Only in this way will we find use in the considerable efforts of our comrades in industry, in technical research and in technological engineering, and in our efforts at the national level.

8724
CSO: 2700/58

PLANS TO ENSURE HIGH QUALITY SEEDS FOR ALL CROPS

Bucharest SCINTEIA in Romanian 24 Nov 83 pp 1, 5

[Interview with Tiberiu Muresan, chairman of the Academy of Agricultural and Forestry Sciences, by Ioan Herteg]

[Text] Responsibilities of agricultural organs and units for fulfilling under the best conditions, the production program for seeds and seeding materials in the 1984-1985 period.

At its session of 1 November, the Executive Political Committee of the Central Committee of the RCP, examined and approved the Production Program for Seeds and Seeding Materials in Romania During the 1984-1985 Period, a program formulated according to the indications of Nicolae Ceausescu. To discuss the principles on which the program was formulated, the organization used for the production of seeds and seeding materials, as well as for their utilization and quality control, we spoke with Prof Dr Tiberiu Muresan, chairman of the Academy of Agricultural and Forestry Sciences.

[Question] To what extent do the high yield seeds and seeding materials of the adopted varieties and hybrids, assure production increases in agricultural crops?

[Answer] It is well known that seeds and seeding materials from varieties and hybrids with good biological properties assure high production increases. In the past 2-3 years we have adopted very valuable varieties of autumn wheat, with a production potential of 6000-8000 kg per hectare, which assure production increases of 10-20 percent above the varieties which they replace. The use of the new varieties Fundulea 29, Lovrin 32, Lovrin 34, and Transilvania, has been widened over an area of more than 900,000 hectares, thus contributing to a wheat production growth of about 300,000 tons. For autumn barley, the new variety Productiv, which will be planted over an area of 250,000 hectares in 1985, assures an average increase of 8 percent above the Miraj variety. The corn hybrids Fundulea 380, Fundulea 420, and Simnic 409, adopted in the last two years, assure production increases of 15-20 percent, with a production potential of 15,000-18,000 kg per hectare. During 1984, these hybrids will be planted over an area of 500,000 hectares. In addition, we have adopted four new sunflower hybrids--Felix, Fundulea 206, Select, and Super--which in addition to a higher oil content and better

resistance to some diseases, assure production increases of 10-15 percent above existing hybrids. It is expected that in 1985, these new hybrids will cover an area of more than 100,000 hectares. Similar results have also been obtained for other crops--leguminous plants for food, vegetables, fruit trees, and grape vines. It is important for the new varieties and hybrids, as well as for others that have proven to be valuable, to be multiplied in an organized manner, so that agricultural units will have sufficient quantities of seeds of the best quality. This is in fact the goal of the Production Program for Seeds and Seeding Materials During the 1984-1985 Period, formulated with the essential contribution of Nicolae Ceausescu, a program which helps solve one of the key problems in increasing yields per hectare for all crops, a task that was also strongly emphasized at the recent plenary session of the Central Committee of the RCP.

[Question] What are the principles on which is founded the organization and production of the required seeds and seeding materials, including those for double crops, so as to guarantee the qualitative and quantitative achievement of planned productions?

[Answer] The research conducted in our country and abroad, as well as the results obtained by production units, has shown that the multiplication of seeds--which takes 5-6 years, from the selection of the best seed to the seeding of crops for the market--is affected by a number of factors which deteriorate the quality of the seed. In the case of autogamous seeds for instance, we observe a slight reduction in biologic value and production capability, which is insignificant for the first multiplication; but production is reduced by 5 percent in subsequent multiplications. Consequently, for cereal grains alone, which cover an area of over 3 million hectares, a production increase of more than 500,000 tons per year is achieved by planting elite or first multiplication seeds instead of those from the second multiplication. In the case of alogamous varieties, such as corn, the reduction in production capability is even greater from the first to the second generation, averaging 10-15 percent. With these in mind, the seed production program stipulates structure improvement by biological categories, by using elite and first multiplication seeds, and by discarding the second multiplication.

[Question] What is the practical organization of seeds and seeding materials production, and what are the functions of the academy in this respect?

[Answer] The production of seeds and seeding materials from superior stock is organized in specialized institutes and research stations. These are multiplied in specialized state and cooperative units, which will rapidly be endowed with the equipment necessary to execute the work stipulated by the specific technologies for their production, as well as with processing installations and storage facilities. Agricultural research units assume greater functions and responsibilities in this action. In addition to creating new varieties and hybrids that will yield large and stable productions, the role of the Academy of Agricultural and Forestry Sciences is to perfect seed production methods, improve variety and hybrid zoning, and formulate seed crop technologies. At the same time, it organizes and guides the production of elite seeds, hybrids, and seeding materials at institutes

and research stations, at experimental teaching stations of higher education institutes, at production units of agroindustrial high schools, and at specialized state and cooperative farms and units. By devoting even greater attention than in the past, the research and production units of the academy will assume responsibility for the rapid multiplication of seeds from adopted varieties and hybrids. This is a very important task, because the more rapidly we expand the use of a new variety, the greater will be the production increase without the need for further investmentments.

[Question] How will seeds be multiplied in specialized farms and what are the tasks of county agricultural organs to avoid the transfer of seeds from one zone of the country to another?

[Answer] Each county will produce all the necessary seeding materials for its own needs, with the exception of some varieties whose seeds can be obtained only under special climate and soil conditions. For those varieties, seed production will be concentrated in the most favorable zones, and the seeds obtained will be distributed to counties that have planned production for consumption. In order to produce their own supplies of necessary seeds, counties organize farms and units specialized in the production of seeds and seeding materials. For the country as a whole, the production of seeds and seeding materials is organized into 974 agricultural units with a total of 1686 farms.

[Question] How will the distribution and flow of seeds and seeding materials be organized between units which produce them and those which use them?

[Answer] The program stipulates a number of tasks for the acceptance, processing and exploitation of seeds and seeding materials received from production units by specialized units, on the basis of contracts, through subunits organized in each county. These enterprises are completing and expanding their equipment for processing and storing these seeds, so as to be ready in time and at a high level of preparedness to accept them from specialized production units. In order to maintain the identity of varieties and guarantee their quality, these are transported from specialized units to agricultural production units in labeled bags accompanied by certificates of quality which specify kind, variety (hybrid), biologic category, and crop value.

Through the point by point application, in stages, of all the program's provisions, seeds and seeding materials are sure to become that which they can and must be--one of the important factors for increasing agricultural production in our country. It is however absolutely necessary starting now, to make all the necessary preparations to soundly organize seed production activities, so as to guarantee that the seeds obtained in 1984 will be sufficient and of the best quality.

11,023
CSO: 2700/53

END

END OF FICHE

DATE FILMED

1/9/84